GENERAL ELECTRIC

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CORPORATION FILE

# The General Electric Investor

# 1970 Annual Report

GE power for an era of change in jet travel

# Highlights of 1970

*(Dollar amounts in millions; per-share amounts in dollars)*

| **On worldwide basis of consolidation** | **1970** | **1969** |
|---|---|---|
| Sales of products and services | $8,726.7 | $8,448.0 |
| Net earnings | $328.5 | $278.0 |
| Earnings per common share | $3.63 | $3.07 |
| Dividends declared and paid per common share | $2.60 | $2.60 |
| Earnings as a percentage of sales | 3.8% | 3.3% |
| Earned on share owners' equity | 12.6% | 11.0% |
| Plant and equipment additions | $581.4 | $530.6 |

**Contents**

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NOTE: *In this report, unless otherwise indicated by the context, the terms "General Electric" and "Company" are used on the basis of consolidation described on page 26.*
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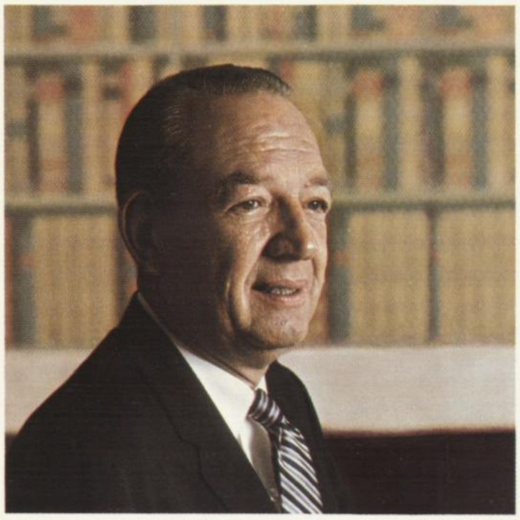
# Comments on 1970 and the outlook



Chairman Fred J. Borch

**A strong final quarter** raised General Electric's 1970 sales and earnings to levels above those for 1969. Results for both years were abnormal because of the strike that began in October 1969 and extended into February 1970. The impact reduced 1970 first-quarter operations to a net loss of 47 cents per share. From this low point, however, the Company moved to a profitable second quarter and continued to gain momentum as the year progressed.

The final quarter set records both for sales and earnings, with sales reaching $2,568.4 million. Earnings were $167.0 million, or $1.85 a share.

Sales for the year as a whole were $8,726.7 million, 3% above the 1969 volume. Earnings totaled $328.5 million, or $3.63 a share, 18% above the $3.07 earned in 1969. The strike's effect held earnings for both years below the 1967 record of $4.01 per share.

The Board of Directors voted on December 18 to recommend for share owner approval at the April 28 share owners' meeting a two-for-one split of the common stock. If the stock split is approved, the Board will consider increasing the dividend to $1.40 from an effective annual rate of $1.30 on the shares as split, in recognition of the Company's favorable earnings trend.

**The improving trend in earnings performance** following the strike reflected a number of factors—most importantly, the vigorous efforts by General Electric people to regain the Company's momentum. In operations this emphasis was expressed in resourceful programs to hold down costs and increase productivity.

Pacesetters in improving results included engineering plastics, gas turbines and locomotives, as well as a number of our offshore operations. Also, the industrial power equipment sector swung from a loss in 1969 to profitability in 1970, aided by a substantial improvement in results from our nuclear power business.

Our most recent studies of the business computer industry had convinced us that to compete profitably in this business, whose fast-changing technology requires substantial development programs, a scale of operations was necessary that exceeded what we could foresee either through internal growth or acquisition. We therefore decided to enter into a transaction by which both General Electric and Honeywell Inc. transferred their business computer operations to a new Honeywell subsidiary, thus creating a computer business with a large enough base to compete successfully. The transaction brought us a gain of about two cents per share in results for 1970, after providing for termination and ongoing costs. The move gives us an interest in the new company, as reported more fully on page 22, while enabling us to continue our own independent development of businesses in the promising areas of process computers, computer time-sharing services and data communications equipment.

**The continuing effort to achieve an increasingly useful social role** for General Electric forms one of several important long-term trends emerging from this 1970 Annual Report's review of operations. The Company is placing a high priority on enhancing the quality of life with new approaches to environmental protection, transportation, health care and education. Our aerospace specialists are applying their advanced technologies toward helping solve urban and environmental problems. And across the Company we are working intensively to enlarge our participation both in employing and training men and women from disadvantaged groups.

During 1970 the Company broadened its participation in the increasingly important services sector. General Electric Credit Corporation continued the profitable expansion of its varied financing services. New entries in closed-circuit television and the entertainment industry added to our established services in broadcasting, cablevision, computer time-sharing and product service operations. General Learning Corporation, the jointly-owned educational venture with Time Inc., became profitable in 1970.

Emphasis on long-range planning led to two major changes in our corporate-level organization structure: the establishment of a Corporate Executive Staff to aid the Corporate Executive Office in its forward planning, and of a Corporate Administrative Staff to handle the day-to-day corporate operating work required. Four Senior Vice Presidents—Walter D. Dance, Robert M. Estes, Reginald H. Jones and Hilliard W. Paige—were elected to head the Corporate Executive Staff. A fifth Senior Vice President, Hershner Cross, is in charge of the Corporate Administrative Staff.

General Electric's three Vice Chairmen and Executive Officers—William H. Dennler (left), Jack S. Parker and Herman L. Weiss—form, with Mr. Borch, the Corporate Executive Office, providing overall managerial leadership for the Company.

**Looking ahead,** we expect continued growth in sales and earnings for General Electric in 1971. Favorable trends include the easing of credit, the pickup in housing construction and the encouragement to industrial plant expenditures provided by proposed revisions of tax depreciation rules.

The U.S. economy faces the threat of work stoppages in major industries and continued inflationary pressures, reflecting the disparity between wage settlements and productivity levels. A serious concern for General Electric is that of inequities in international trade. The Company has demonstrated that it can compete profitably in world markets when trade is free and fair. But during 1970 a number of our businesses continued to find that many countries which have free access to U.S. markets deny us reciprocal access to theirs. Further, indirect subsidies by overseas governments enable offshore producers to enter U.S. markets at price levels below those in their home markets. These are abuses that need urgently to be corrected if healthy international commerce is to be realized.

In this report to share owners, reflecting the views of all four members of the Corporate Executive Office, we wish to express appreciation to our many share owners and customers for their support during the strike, to General Electric employees for so promptly regaining satisfactory performance levels in 1970, and to your dedicated Board of Directors for their invaluable counsel and guidance.

Fred J. Borch

February 18, 1971

Chairman of the Board

# Review of 1970 Operations

*(In millions)*

**General Electric's sales and net earnings reported by major categories**

| | 1970 | | 1969 | |
|---|---|---|---|---|
| **Major categories** | Sales | Net Earnings | Sales | Net Earnings |
| Consumer | $1,969 | $ 77 | $2,155 | $122 |
| Industrial Power Equipment | 1,880 | 87 | 1,474 | –11 |
| Industrial Components and Systems | 2,848 | 97 | 2,774 | 98 |
| Aerospace | 1,666 | 26 | 1,688 | 15 |
| International | 1,393 | 66 | 1,201 | 48 |
| General Electric Credit Corporation | — | 20 | — | 15 |
| Corporate eliminations & unallocated items | –1,029 | –45 | –844 | –9 |
| **Total sales and net earnings** | $8,727 | $328 | $8,448 | $278 |

**Sales and earnings** for each major category include inter-category transactions. To the extent that sales and earnings are recognized in more than one category appropriate elimination is made at the corporate level. Net earnings for each major category are after the allocation of corporate items such as expenses of headquarters personnel, the Research and Development Center, interest and other financial charges and income taxes.

Comparisons of results by category should take into account the abnormal factors which in any year affect GE operations unevenly. The strike from October 1969 to February 1970, for example, had widely varying impacts on both sales and net earnings by category in both years.

Representative products and services within each major category:

**Consumer:** air conditioners, appliance service, broadcasting stations, clothes washers and dryers, color TV cameras, dishwashers, lamps, personal and portable appliances, radio and television receivers, ranges, refrigerators, stereo equipment and tape recorders.

**Industrial Power Equipment:** gas turbines, insulators, marine turbines and gears, mechanical drive turbines, meters, nuclear power reactors and fuel, power circuit breakers, steam turbine-generators, switchgear, transformers and other power apparatus for industry.

**Industrial Components and Systems:** adjustable and constant-speed drives, ballasts, batteries, capacitors, communication systems, computer time-sharing, controls, electric motors, electronic tubes, equipment service, industrial heating, insulating materials, medical systems, plastics, process computers, silicones, transportation systems, wire and cable and wiring devices.

**Aerospace:** aerospace instruments, aircraft jet engines, armament systems, flight controls, missile re-entry systems, radar and space flight systems.

**International:** exports from the U.S. to customers; and operations of diversified affiliates in such countries as Argentina, Brazil, Canada, Colombia, Italy, Mexico, Spain and Venezuela.

**General Electric Credit Corporation:** a wholly-owned nonconsolidated affiliate engaged in the financing of consumer, commercial and industrial products, the majority of which are manufactured by other companies.

## Consumer

| **Consumer** | *(In millions)* 1970 | 1969 |
|---|---|---|
| **Sales** | $1,969 | $2,155 |
| **Net Earnings** | 77 | 122 |

**Growth plans maintained despite strike's effects on 1970 results.**

Taking shape on an 1100-acre site near the new town of Columbia, Md., are three huge buildings, the first to be constructed at General Electric's Appliance Park-East. The buildings—a range plant, air conditioning plant and regional warehouse expected to be in operation during 1971—together with others to be added in the '70's, represent a substantial commitment by General Electric to the belief that appliance markets will grow strongly during the decade. Growth will result from population increases—particularly in young adults who, by sharply accelerating new family formations, will open up new demands. But growth will also come as new life styles call for greater use of more productive electrical servants to free families for more leisure time and an enhanced personal environment.

By the end of the decade the new Park is expected to comprise nine major facilities, with over six million square feet of floor space, employment of some 12,000 and output approaching the capacity of the present Appliance Park in Louisville, Ky.

During this decade the two GE Appliance Parks and other consumer goods facilities will be kept busy, in part, as the U.S. begins to catch up on its needs for new housing. Addition of appliances to existing homes will offer a still larger market, while replacement sales should generate more volume than either.

**The strike had a more severe impact on '70 operations** than on those for 1969, largely because customer shipments continued to be made in 1969 from inventory stocks. The result was that 1970 consumer sales were off 9% from '69 levels. The sharp earnings decline resulted from sales lost because of depleted inventories and the added costs of production startup and of rebuilding stocks throughout the distribution system. Weak consumer markets, particularly in consumer electronics, also dampened results during the year, as did costs associated with new facilities.

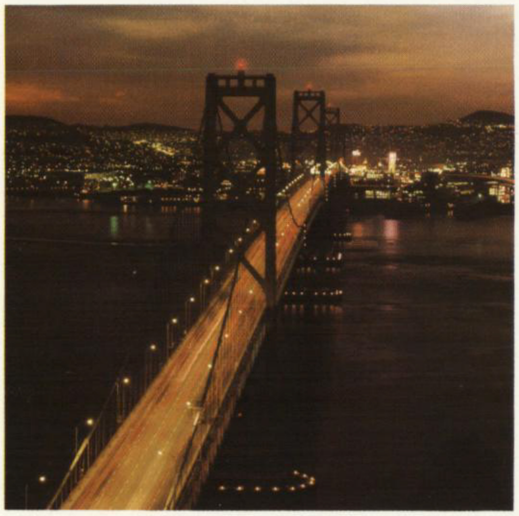
**General Electric and Hotpoint appliance operations recovered strongly** after the strike period. Preparations for further growth were maintained. In addition to the expansion at Appliance Park-East, a new Applied Research and Design Center at Louisville's Appliance Park was completed early in 1971. Expansion will almost double manufacturing capacity both at the central air conditioning plant in Tyler, Texas, and the Bloomington, Ind., plant producing side-by-side refrigerator-freezers.

Sales of General Electric color television sets held up well in a year when industry sales generally were off. Customers responded to greatly improved quality throughout the line and to significant consumer-oriented features such as One Touch® tuning.

The Company is strengthening its leadership in appliance service by instituting a new Customer Care-Everywhere system. All elements of the service network—servicing dealers, independent servicing agencies and the 87 factory-service branches—are being tied more closely together with the

A new GE entry into services businesses, Command Performance® Network is a custom video-network service providing closed-circuit large-screen TV in 25 cities for business, industry and professional use.

The number of young adults reaching their 22nd birthday has recently surged upward and will continue in the '70's at levels 50% greater than in the sixties. Forming new families, these young adults provide a principal source of new demand for the array of GE appliances, consumer electronics and housewares pictured in the kitchen at left.



The San Francisco-Oakland Bay Bridge is one of many urban thoroughfares newly relighted with General Electric's Lucalox® high-intensity-discharge lamps and Powr/Door® luminaires. The Bridge's light levels were increased 20 times.

objective of making skilled service reasonably available, no matter where the customer bought his General Electric or Hotpoint appliance or where he currently lives.

**Competition from low-cost offshore producers was a growing concern** for GE consumer goods businesses in 1970—particularly in consumer electronics, housewares and some lamp businesses. The Company's response includes increased automation of production in U.S. plants and the addition of competitive offshore facilities primarily for manufacture of components.

In consumer electronics the Company succeeded in maintaining U.S. leadership in such lines as portable phonographs and youth electronics, while improving its market share in tape recorders and stereo components.

General Electric Cablevision Corporation increased its subscribers by 20%. General Electric Broadcasting Company achieved another record year of operations from its six radio and three television stations.

An additional General Electric entry in the entertainment services industry is the formation of a new affiliate—Tomorrow Entertainment Inc.—which plans to engage in production of television programs, motion pictures and legitimate stage presentations. It will also explore programming possibilities in the expanding fields of cable television and closed-circuit TV.

GE housewares businesses are strong in high-volume sectors of the industry: products such as irons, coffee makers, toasters, clocks and hairdryers. The Company also markets a line of home care and comfort products such as vacuum cleaners, fans and heaters.

Responding to a continuing interest in the consumer, new housewares products receive in-home testing by consumer panels selected from a 1000-family Consumer Advisory Council. The Council is used to help evaluate products and to word product instructions in easy-to-understand language. A total of 54 Company Servicenters and over 150 independent franchised service stations provide the industry's most extensive and complete after-sales service for General Electric housewares and consumer electronics.

Expecting continued growth in lamp industry sales, GE lamp operations are preparing by adding new production capacity. A new facility in Plymouth, Fla., increases the output of photo and miniature lamps. Other major additions: a new plant in Ravenna, Ohio, for high-intensity and quartz lamps, and an incandescent coiling facility in Austintown, Ohio.

**Meeting the needs of the emerging work force** is essential in providing manpower for the growth of GE consumer operations. Two 1970 examples indicate the Company's emphasis on the development of human resources:

- In the training rooms of GE's Chicago appliance operations, hundreds of employees are enrolled in courses ranging from technical skills development to preparation for high school equivalency tests. There, also, the Company's largest Department of Labor MA-4 training contract provides for the employment and training of disadvantaged workers.
- In Cleveland, the Lamp Division continued to train school dropouts at the Woodland Job Center, funded by the U.S. Department of Labor.

GE products change to meet consumers' changing needs and tastes, as photographed at the GE Residential Lighting Center in Cleveland, Ohio. **1** High-quality, reliable color TV performance comes with One Touch® tuning in GE 25-inch set. **2** Versatronic® microwave oven cooks food in a fraction of the time required by conventional ovens. Innovative electronics include **3** youth-styled stereo phonograph and **4** miniature use-anywhere tape recorder. Personal care products: **5** hair setter with tangle-free rollers and make-up mirror with four light settings. Housewares that ease home chores: **6** lightweight but powerful vacuum cleaner and **7** Dutch skillet, Toast-R-Oven®, can opener-ice crusher, Rapid-Brew coffee maker and eight-pushbutton blender. And for photographers: **8** the FlashPack® electronic flash unit.

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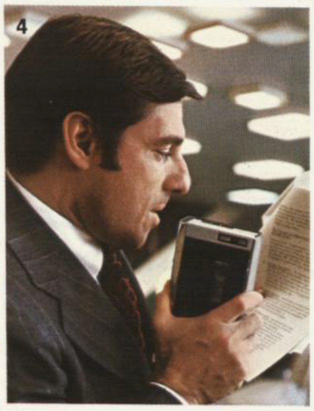

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## Industrial Power Equipment

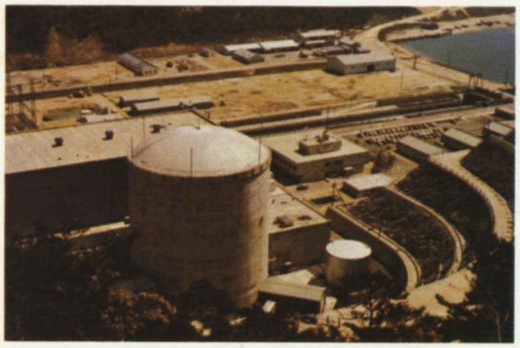
| **Industrial Power Equipment** *(In millions)* | 1970 | 1969 |
|---|---|---|
| Sales | $1,880 | $1,474 |
| Net Earnings | 87 | –11 |

**Record shipments help improve results; backlog exceeds $5 billion.** General Electric's businesses in supplying equipment for electric power production, marine propulsion and industrial power needs accounted for an increased portion of sales in 1970, primarily as the result of record shipments of heavy power apparatus. Sales rose 28% above the 1969 volume.

Net earnings were $87 million, compared with a net loss of $11 million during 1969, when the strike slowed large apparatus shipments. The improvement in 1970 results was attributable in part to completion of equipment whose delivery was deferred from the previous year. Also, the nuclear power business realized much more favorable operating results as volume increased in the more profitable areas. And through its shipments in 1970 the Company began to recover the expenditures charged to operations in previous years by longer-cycle businesses.

Major factors affecting the industrial power equipment businesses stem from concern for protecting the environment. On the one hand, this concern raises problems in terms of selecting sites for power plants. On the other hand, the environmental interest seems likely to increase the demands for electric energy because many environmental problems can best be solved electrically. Favorable factors include the relative cleanliness of electricity over other forms of energy and the progress being made toward solutions of remaining environmental problems in electric power production.

**General Electric is the leading manufacturer of steam-propulsion equipment** which is being used on the majority of the high-powered merchant ships now under construction in the free world. During 1970 the Company received the largest order ever placed for merchant-ship propulsion equipment: 16 geared-steam-turbines to propel eight giant new containerships. The Company is also the largest single supplier of turbine-generator sets for shipboard electrical service.



Tsuruga Nuclear Power Station of Japan Atomic Power Company, one of seven nuclear projects whose construction was completed by General Electric in 1970, entered commercial operation less than 48 months after contract—fastest time yet achieved for a large nuclear plant.

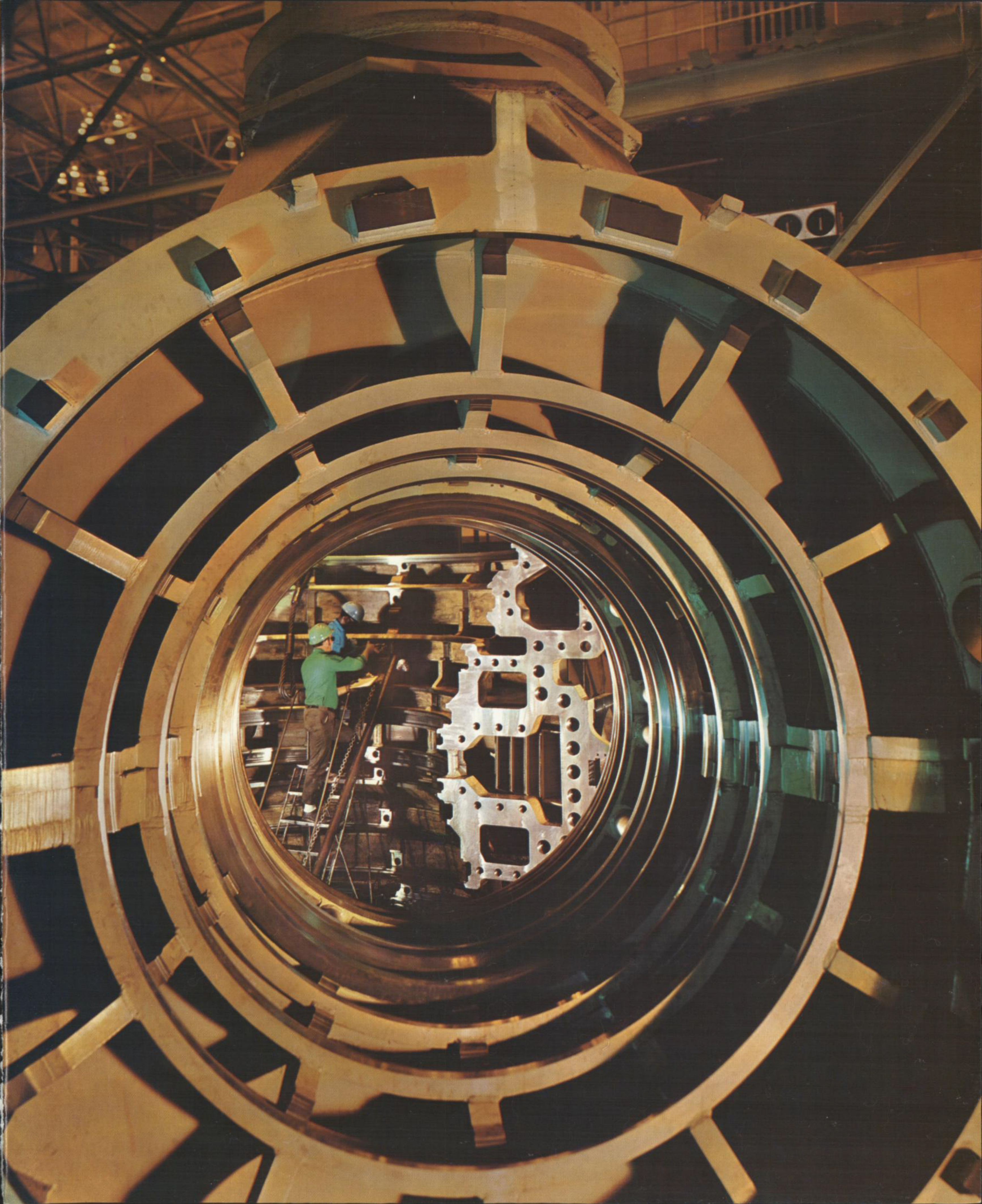
General Electric has invested heavily in new production capacity for electric power generation equipment, as electrical demand is forecast to rise eightfold in the century's final three decades. On the opposite page: work on large steam turbine exhaust hoods at new Charleston, S.C., plant.

**GE made special efforts to help relieve power shortages,** aided by many of the Company's 2500 installation and service engineers who worked to ready 15 large new generating units for service ahead of the summer's peak demands. In all, the Company shipped 21 million kilowatts of electric power generation capacity—the highest single-year output by any manufacturer in the industry's history. The record shipments were made possible by substantial investments during recent years in expanded facilities in Charleston, S.C., Greenville, S.C., South Portland, Maine, and Schenectady, N.Y.

Contributing to the record $5.3 billion backlog are unfilled orders for a new peak of 103 million kilowatts of electric power generation capacity.

Analysis of industry data on product reliability and efficiency published during 1970 continued to point up the superiority of General Electric generating equipment—an important factor in the future of this business, since even fractional differentials in efficiency and forced outage rates bring substantial cost savings to power producers.

Start-up of the Greenville facility enabled the Company's gas turbine



New world's voltage records were set by this GE 1500-kilovolt transformer now in service in ultra-high-voltage research program at Pittsfield, Mass., sponsored by the Electric Research Council. The program is helping to advance understanding and control of UHV transmission.

business to achieve another record year. Heavy-duty gas turbines, factory assembled, give industrial power equipment customers a relatively quick way to add generating capacity and to offset the rapid escalation in field labor and on-site construction costs.

During 1970, the Company made its first sales of heavy-duty gas turbines for cargo ships. General Electric medium and small-sized steam turbines as well as gas turbines are being used increasingly for mechanical drive applications and as generating units for industrial uses, particularly in the chemical, paper, petrochemical and pipeline industries.

**General Electric was awarded seven new nuclear projects** totaling nearly 7 million kilowatts of new capacity. GE-equipped nuclear plants in service or on order thus increased to 54, totaling nearly 40 million kilowatts.

Of the seven large GE-equipped nuclear plants whose construction was essentially completed in 1970, six were "turnkey" plants which were started in the mid '60's and were unprofitable because of soaring construction costs, changes in licensing requirements during construction and other problems. Construction on three of the 11 turnkey plants accepted by General Electric remains to be completed—two in 1971 and the last in 1972. Provision was made in 1968 and 1969 for the estimated excess of costs to be incurred over contract selling prices and for certain contract issues on nuclear projects some of which remain to be resolved.

Completion of the new nuclear fuel and equipment plant in Wilmington, N.C., triples General Electric's nuclear production capacity.

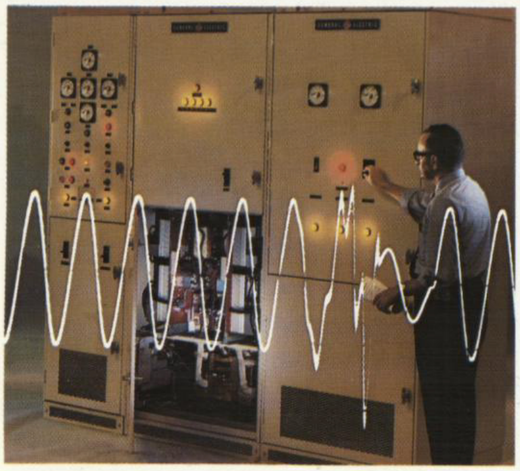
**A favorable outlook for GE transmission and distribution businesses** results from the need to move the power from already committed large power plants to the customer and to interconnect systems for economy and reliability. The markets for new products and technologies responsive to public interest in improved appearance have also increased significantly.

General Electric in 1970 prepared for this increase by developing and testing new products, including the world's highest-voltage transformer—the 1500-KV unit pictured at left—and the completion of a new ultra-high-voltage test facility. In subtransmission a new concept of compact fenceless substations was introduced to improve appearance and permit the establishment of adjacent park or recreation areas.

Expenditures by utilities on distribution systems will also grow at a significantly higher rate as a result of increased housing starts, widespread acceptance of electrical environment-conditioning in the home and a trend towards underground distribution. In anticipation of this growth, the Company has developed a complete line of highly engineered products for underground distribution. A major new facility in Shreveport, La., will aid in meeting these expanding needs.

An important 1970 development is Uninterruptible Power Systems (UPS) for critical loads, combining solid-state circuitry and power elements with a reserve bank of batteries. UPS guards against even minute fluctuations that could disrupt processes, computers or instrumentation.

Superimposed frequency wave illustrates how electrical fluctuations that can disrupt computers and other equipment are evened out by new GE Uninterruptible Power System shown under test at the Philadelphia plant. One use is at the Jacksonville, Fla., FAA traffic control center to assure continuous power to computers and instruments controlling aircraft in the Southeast.



**Industrial Components & Systems** *(In millions)*

| | 1970 | 1969 |
|---|---|---|
| **Sales** | $2,848 | $2,774 |
| **Net Earnings** | 97 | 98 |

## Industrial Components and Systems

**Largest sales sector reflects GE help in meeting industry problems.**

The many interfaces between General Electric and industry make this category the largest sector of the Company's business. Sales for 1970 were 3% above the 1969 level, while earnings were down slightly from last year. The strike impacted on both years' operations. Components businesses were more severely affected in 1970 because of inventory replenishment and production startup costs. Markets for electronic components and small AC motors were down significantly, and construction materials markets weakened toward year-end. Bright spots included engineering plastics and transportation equipment. Improvements were also realized in computer time-sharing operations and generally in the heavier equipment businesses as shipments deferred from 1969 by the strike were made to both industrial and utility customers.

A 1970 change was the transfer of General Electric's business data processing computer operations. A review of this transfer is given in the Corporate Highlights and in the Financial Summary. Results of these operations are included in this category through the first nine months of 1970.

**As industry's leading partner in industrial automation,** the Company continued in 1970 to introduce new concepts in automation systems:

- The CommanDir® numerical control system, built around a GE process computer, simultaneously operates up to 30 different machine tools to provide a factory-wide machine-tool control system.
- New GE solid-state controls for plastic molding machines provide greater output per machine and improved quality of the finished part.
- For fast-growing independent telephone companies, GE development of a new 36-channel carrier using the same pair of wires as present 24-channel systems will increase the capacity of links between central stations.
- The maritime industry is relying increasingly on the GE Central Operation System for automated control of engine room operations.
- Electric utilities are using control systems built around GE/MAC® process instrumentation, GE/TAC® supervisory control and GE/PAC® process computers to regulate their systems and to help forestall power shortages.

**GE is supplying improved components and materials to industry.** The Company's high performance engineering plastics continued their fast growth, with 1970 sales increases running counter to the reductions reported by other plastics producers. One reason was GE's penetration of automotive markets. Plastics businesses are expanding capacity at both their Selkirk, N.Y., and Mount Vernon, Ind., facilities. With increasing acceptance of these General Electric plastics in international markets, the Company is adding a new facility in the Netherlands.

One of several large new growth markets for General Electric silicone chemicals is in building materials. Acres of roofing are now covered by GE silicone roof topping. One new roofing system employs a General Electric silicone rubber surface over plywood. The Company's silicones will also go

Markets for GE industrial developments are opened by industry's search for new ways to deliver more reliable products and meet new challenges. Shown: **1** durable taillights for trucks and cars, made from Lexan® polycarbonate; **2** GE integrated circuits produced on plastic film for automated use in electronic applications; **3** business machine housings formed of tough Noryl® plastics; **4** CommanDir® computerized control system capable of simultaneous operation of many different machine tools; and **5** small electric motors especially designed for gasoline pumping—in demand as gas stations install new pumps for low-lead gas.

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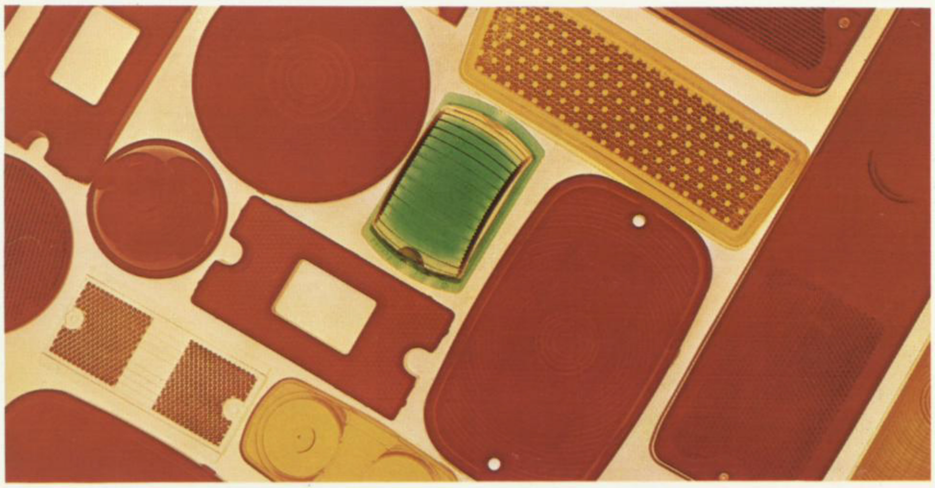

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New developments in GE health care systems are building a diverse business on the traditional base in x-ray equipment. Shown at right: **1** electronic patient care monitors, a line of products extended in 1970 by a new unit designed to monitor patients undergoing surgery; **2** GE's new standby cardiac pacemaker to provide pacing assistance only when the heart requires help; **3** new Telegem® diagnostic x-ray system whose main elements can be operated from a remote control console; and **4** new GE-Peirce Lung® oxygenator to extend the time for open-heart surgery by doing less damage to blood cells than previous artificial lungs.

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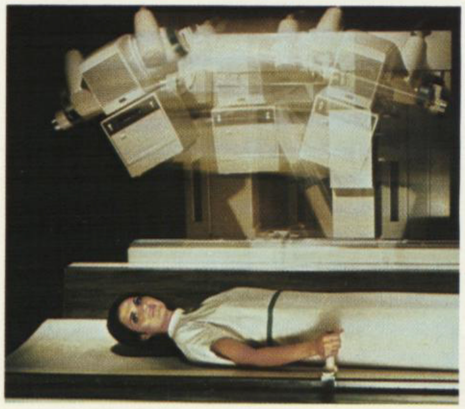

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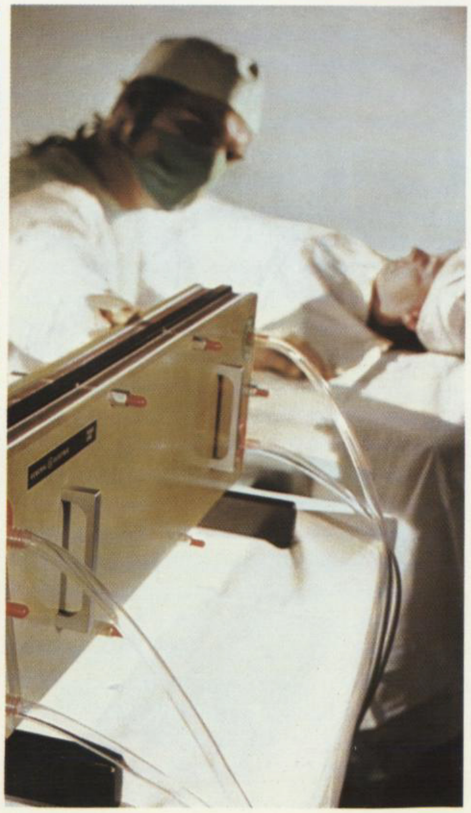


to European markets from still another new base in the Netherlands.

GE has become a major supplier to the mobile-home industry—one of the fastest growing sectors in residential construction—by tailoring construction materials such as service entrance panels to meet the industry's special needs.

The Company sells appliance components such as small electric motors and controls to many manufacturers. To meet the fast-growing air conditioning market, these operations have added a large manufacturing facility in Springfield, Mo., for the production of air conditioner fan motors.

As a supplier of electronic components, General Electric announced developments expected to strengthen its participation in the growth market for integrated circuits.

With the use of two-way radio expected to double in the '70's, a major new mobile radio equipment plant will be built in Florence, S.C.

Supplying commercial food-service establishments with cooking equipment, General Electric introduced a forced-air convection oven range that provides customers with greatly increased production capacity.

**Emphasis on environmental protection has created new GE markets.** Special GE controls, for example, are being supplied for electrostatic precipitators, and a new line of pump motors is offered for water and sewage treatment.

General Electric continued in 1970 to test its Vortex I Vorcinerator® solid waste disposal system. The incinerator achieves virtually 100% combustion and reduces wastes to sterile ash. Marketing of the Vortex I Vorcinerator for industrial and municipal use will begin in 1971.

At filling stations, the addition of pumps to handle low-lead gasoline creates opportunities for GE submersible and explosion-proof motors.

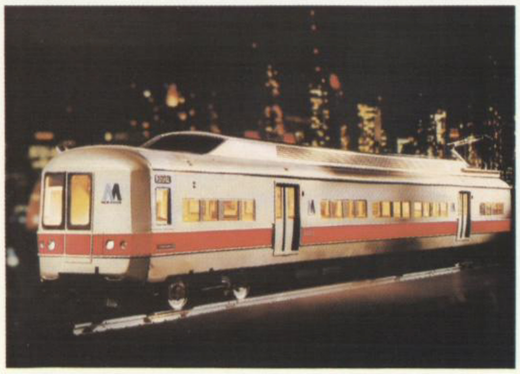
Also in 1970 the Company introduced its Elec-Trak® garden tractor. Quiet and fumeless, it is a new step toward wider use of electric vehicles.

**GE moved to become the first rapid transit and commuter car supplier** which manufactures its own electrical propulsion and control equipment, thereby providing better systems integration for improved reliability, rider comfort and safety. Long a supplier of propulsion systems and controls, the Company accepted its first commitment to deliver entire cars—144 for agencies of New York and Connecticut for use on the New Haven line. Another development is the first GE diesel-electric locomotive for commuter service. First of 23 units will go into service in New Jersey during 1971.

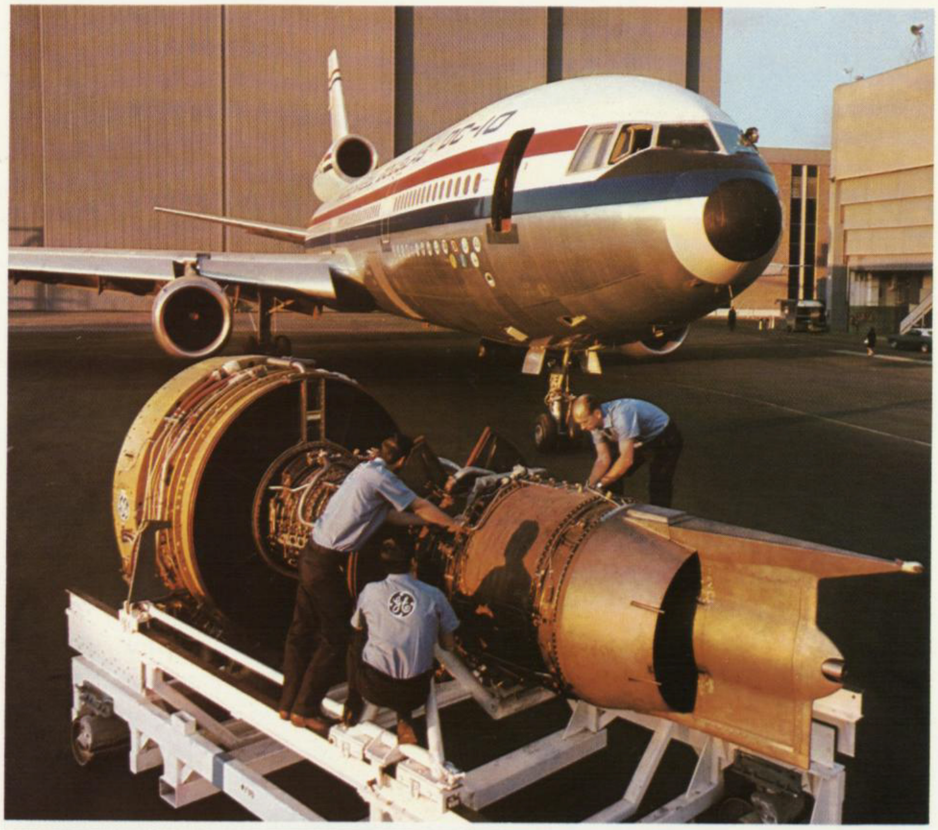
**GE is developing services businesses** both in industry and education:

- The network of 88 GE service shops is being expanded both geographically and in its range of services.
- GE time-sharing information services continued to lead in the U.S. in 1970 and began service to Europe via satellite.
- General Learning Corporation, the jointly-owned educational venture with Time Inc., became profitable in 1970, strengthening its base for serving educational needs at school and in industry.

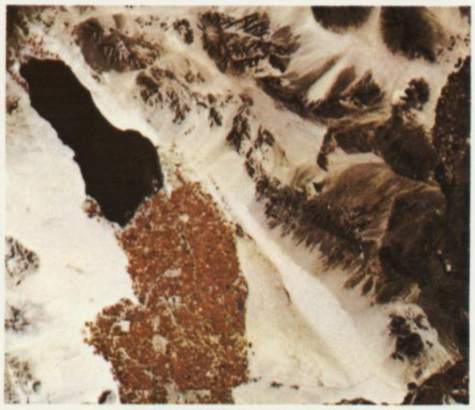
Shape of things to come in urban transport: in addition to supplying propulsion and control systems for rapid transit, General Electric will now supply the whole car. Shown: model of one of 144 cars to be supplied for New York and Connecticut commuter traffic.

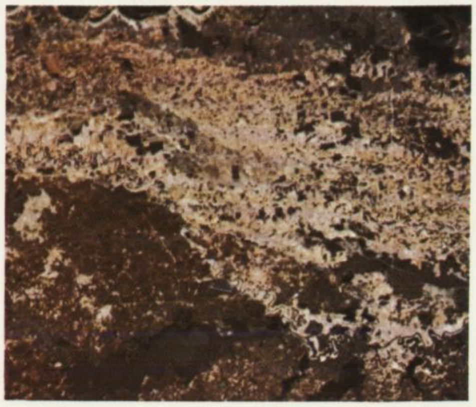


Changes in U.S. priorities are reflected in GE aerospace businesses. The Company's business in commercial aviation gained new ground in 1970 with successful first flights of the McDonnell Douglas DC-10, powered by GE CF6 engines.



GE space businesses are also seeking civilian applications, as indicated by the Earth Resources Technology Satellite being developed for NASA. Representative of some of the information it will provide are data on crop disease, as indicated (top right) by photo of crops in California's Imperial Valley, and on flood conditions and control, as exemplified (bottom right) by flood areas near Vicksburg, Miss.





# Aerospace

| **Aerospace** | *(In millions)* | |
|---|---|---|
| | **1970** | **1969** |
| **Sales** | **$1,666** | **$1,688** |
| **Net Earnings** | **26** | **15** |

**DC-10 Trijet success highlights a year of depressed sales.** New orders and options for the McDonnell Douglas DC-10 Trijet were received from additional airlines in 1970. These orders strengthen General Electric's position in the commercial engine market. The entry into this market involves substantial development costs as well as long-term financing commitments to the airlines.

Although sales to aerospace markets in 1970 were slightly below the 1969 level, net earnings were up $11 million from 1969. The increased earnings in 1970 resulted primarily from shipments of aircraft jet engines which had been deferred from 1969 because of the strike.

The Company continued to be a leading supplier of powerplants for military aircraft. It won the competition to develop the engines for the Air Force's B-1 advanced strategic aircraft and to supply engines for an international fighter aircraft. It is in competition to provide engines for a close-support fighter. Ongoing programs included engines which GE supplied, without loss, for the C-5—the world's largest aircraft. Also, GE's TF34 engine will power the Navy's S-3A anti-submarine plane.

Non-aviation uses of aircraft gas turbines in marine and industrial applications picked up in 1970. GE's LM2500 powerplant, derived from military and civil aircraft engines, won the competition to power the newest class of Navy destroyers and has potential for other marine uses. It is also furnishing basic 25,000-hp drives for gas pipeline pumping.

**General Electric's space operations sought new markets in 1970.** While sales declined, GE received essentially a steady share of the lower levels of new orders placed by the Department of Defense and the National Aeronautics and Space Administration during the Government's fiscal 1970. Responding to new Government priorities on solving domestic and economic problems, General Electric gained some additional ground in serving other Government markets. The result was that at year-end GE aerospace technology was being applied in projects for the Departments of Health, Education and Welfare, Housing and Urban Development, and Interior, as well as for the Environmental Protection Agency and the National Oceanic and Atmospheric Administration.

Serving national security needs, space operations achieved the initial operational capability stage in developing re-entry systems for the Minuteman III intercontinental ballistic missile.

The Company is also supplying armament and flight control systems for various military aircraft, a simulator development for Air Force air crew training, fire control and inertial guidance for submarine-launched missiles and PAR—Perimeter Acquisition Radar—for the Safeguard anti-ballistic missile system.

Progress Aerospace Enterprises, Inc., a black-owned and managed space age supplier established in Philadelphia in 1968 with GE assistance, has proved its capability for reliable, high-quality output. With GE's continuing support, PAE diversified its business in 1970 and increased employment.

## International

| **International** | 1970 | 1969 |
|---|---|---|
| | | *(In millions)* |
| Sales | $1,393 | $1,201 |
| Net Earnings | 66 | 48 |

**Multiple approach to world business shows improved results.** General Electric's varied approach to international business includes exports, local manufacture and sale, license agreements and investments.

Exports from U.S. operations to customers increased substantially over 1969. Major growth occurred both in high-technology products such as nuclear reactors, gas turbines and jet engines, and in high-volume products such as industrial materials and components and major appliances. GE exports make the Company an important contributor to improving the U.S. balance of payments.

Operating improvements by diversified international affiliates helped improve 1970 earnings. An additional favorable factor was a gain in investment income from sources outside the United States.

**It was also a record year for new export orders.** Important orders received during the year included power generation and nuclear steam supply systems, as well as a major order for nuclear refueling. Other substantial orders were for steel mill automation, process industry controls, marine propulsion equipment and diesel-electric locomotives.

Most manufacturing operations outside the U.S. also registered gains in their 1970 results. Led by Mexico and Brazil, Latin American affiliates in particular have shown sustained growth in recent years, with generally improved earnings performance.

In Italy, Compagnia Generale di Elettricità S.p.A. (Cogenel) operates businesses in defense electronics and industrial products. Through its SADE and SADELMI construction affiliates it manages large engineering projects throughout the world. Cogenel has also become the leading supplier of numerical control equipment to European customers.

GE Espanola, Spain's largest electrical manufacturer, produces a range of products from consumer goods to heavy electrical apparatus, such as the large hydro-generators pictured at right. In 1970, GE Espanola won several export orders for heavy electrical equipment.

**Canadian General Electric's operations in 1970 held about even** with 1969 levels despite the slowing in the Canadian economy. Canadian GE, with a product range paralleling that of GE itself, achieved record shipments of heavy apparatus such as power generation equipment.

Two major CGE projects are furthering Canada's efforts to keep ahead of rising electrical needs. One is the building of a facility to produce heavy water for Canada's nuclear power program. In 1970, the facility supplied its first limited quantities of "reactor grade" heavy water. When it reaches full production it will produce 400 tons of heavy water annually for Atomic Energy of Canada, Ltd.

Canadian General Electric's other large electric project is the development of a solid-state converter station for high-voltage direct-current transmission—an economic means of transmitting power from remote hydroelectric stations.

More electric power is an international need. **1** At Alcantara, Spain, the dam for Western Europe's largest hydroelectric plant, towering over a bridge built by the Romans, supplies water pressure to turn hydrogenerators, **2**, built by General Electric's Spanish affiliate, GE Espanola. **3** Plant at Point Tupper, Nova Scotia, built by Canadian General Electric, will supply heavy water needed by Canada's nuclear power program. **4** GE diesel-electric locomotives provide power for transportation in Zambia.

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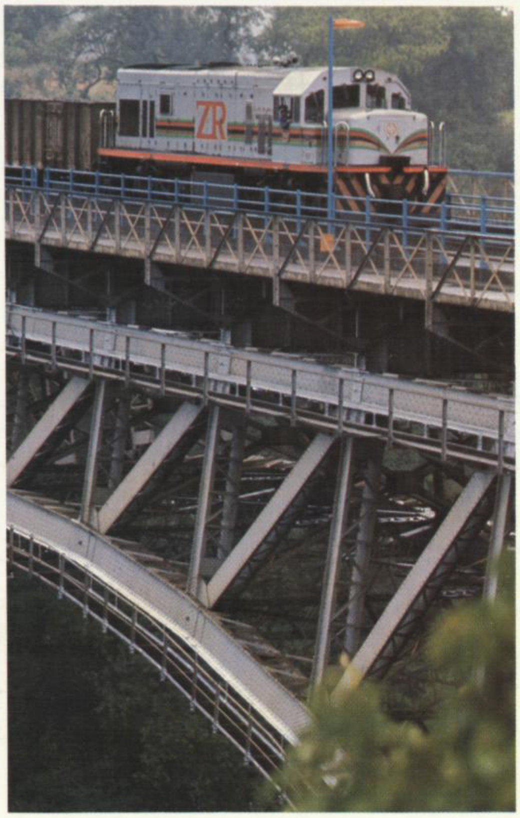

# 1970 Corporate Highlights

Concern for the environment is exemplified by members of General Electric's corporate-level Environmental Protection Operation meeting at the Pollution Control Laboratory in Pittsfield, Mass. Shown: H. D. Briggs (left), noise reduction expert; J. M. Phillips, consultant on recycling and disposal of solid wastes; Dr. K. R. Murphy, specialist in air pollution control; Dr. J. S. Anderson, the Operation's manager and specialist in water treatment; and (foreground) the Laboratory's J. H. Thayer.

At the corporate level, General Electric people were involved during 1970 in helping the Company meet new forces of change resulting from the concern for environmental protection, new needs in the work force and the competitive pace of new technology. Here are highlights.

**Environmental protection is given a broad interpretation by General Electric.** Under GE policies it extends to safety and reliability in products for customers, occupational safety for employees, vigorous pollution abatement programs at GE facilities, and an extensive search for new products and services by which the electrical industry can improve environmental protection.

Acting on the recommendations of a GE Environmental Task Force headed by Dr. Arthur M. Bueche, Vice President—Research and Development, the Company has established corporate-level staffs to monitor and counsel operations in each of these critical environmental areas.

The manager of Product Quality and his staff, as an example, have the responsibility to monitor product design, manufacture and service on a Company-wide basis to make sure that General Electric products fulfill the Company's standards for quality, safety and reliability.

Similarly, an expanded Environmental Protection Operation has been established to aid GE operations, as pictured at left.

**Improvements were made in employee programs** to enable the Company to continue to attract, develop and provide incentives for highly capable people.

Employee compensation was increased to offset cost-of-living increases. Under provisions of most current Company-union contracts, for example, hourly rates were adjusted twice during the year. A special three-cents-per-hour adjustment went into effect on January 26 and another cost-of-living adjustment of 5 cents per hour became effective October 26.

On January 1, 1971, many new improvements in employee benefits went into effect, and a new Individual Development Program was offered to encourage employee self-development. It pays participants up to $400 annually in tuition and fees.

Increased opportunities for minorities and women are being emphasized by General Electric. The Company has established a professional Equal Opportunity/Minority Relations staff at the corporate level to stimulate and counsel operations in their implementation of programs designed to meet this important business and social challenge.

**Over $2 million was contributed to U.S. education in 1970** by the General Electric Foundation, a trust established in 1952. Also, General Electric authorized educational contributions of nearly $250,000. Annual reports of the Foundation and GE Aid to Education programs are available on request.

**Transfer of business data processing computer operations** was made during 1970 to Honeywell Information Systems Inc. ("HIS"), a subsidiary of Honeywell Inc. General Electric transferred to HIS the businesses of the Information Systems Equipment Division and the Company's shareholdings in its

*(continued on page 24)*

A "Social Awareness" seminar (right) at Electronics Park in Syracuse, N.Y., focusing on the work experience of black employee Sandy Parker, is one specific of a Company-wide effort to develop a constructive climate in the broad area of equal opportunity and minority relations. Programs such as these enable GE managers to gain a better understanding of the emerging work force and improve the effectiveness of all employees.

General Electric is sponsoring a Women's Environment Study to help management maximize opportunities for women. This emphasis is exemplified by GE women who have taken on new challenges. Among her duties as Manager of Relations Systems at the Philadelphia plant, Mrs. Marjorie Van Arsdall directs youth training under a U.S. Government "Jobs '70" contract. At the Burlington, Vt., plant Mrs. Pauline Loiselle and Miss Roberta Swoyer became the first women ever to participate in the General Electric Tool Maker Apprentice Program. The three-year program includes on-the-job training and classroom subjects taught after working hours.

Opportunities in managerial education at General Electric became portable in 1970. Built around audio-visual presentations, a new Management Practices Course is designed as an introductory program for use with new and experienced managers in many GE locations. More advanced courses in management continue to be offered at the GE Management Development Institute in Crotonville, N.Y.

computer affiliates abroad. Computer businesses remaining with General Electric include the time-sharing and other information services, industrial process computers, data communications equipment and aerospace computer equipment.

As a result of agreements with Honeywell Inc., General Electric now holds an 18 ½% interest in HIS, as well as 1,500,000 shares of Honeywell common stock and $110.0 million of Honeywell 9 ⅛% subordinated notes due January 1, 1975 and 1977. These notes are interest free for one year and are payable (or prepayable without premium) either in cash or Honeywell common stock at Honeywell's option.

During the period January 1, 1975 to December 31, 1980, Honeywell has the option to purchase from General Electric, and General Electric has the option to require Honeywell to purchase GE's 18 ½% interest in HIS. Payment would be in Honeywell common stock. In addition, General Electric has agreed that if the U.S. Attorney General so requests, it shall, prior to the end of 1980, exercise its option to require Honeywell to purchase GE's interest. General Electric has also committed to the United States Department of Justice to dispose of the initial 1,500,000 shares of Honeywell common stock by December 31, 1974, and to dispose of all other shares of Honeywell common stock that are received as part of this transaction, on or before December 31, 1980.

A voting trust has been established in which General Electric must deposit all shares of Honeywell common stock received as part of this transaction. The trustees of the voting trust are selected by General Electric subject to the approval of Honeywell and the United States Attorney General.

**To keep pace with technological change,** General Electric conducts one of industry's most diverse programs in research and development. During 1970, expenditures for research and development conducted by General Electric were maintained at a high level.

Nucleus of the Company's R & D effort is the Research and Development Center in Schenectady, N.Y. Serving the Company as a whole, the Center conducts research across all the major scientific disciplines important to General Electric businesses.

In addition, more than 100 laboratory activities are associated with product operations. Among their many 1970 developmental activities:
- A method of creating animated movies by computer was developed by the Electronics Laboratory in Syracuse, N.Y.
- A new way to convert scrap steel into precision castings by an automated molding process was originated by the Major Appliance Laboratory.
- A neutron flux monitor under development by the Vallecitos Nuclear Center will help implement the Non-Proliferation Treaty by keeping a record of nuclear reactor operations.
- A study of the economic impacts of varying birth rates was conducted for the U.S. State Department by General Electric's TEMPO operation located in Santa Barbara, Calif. The study correlates declining population rates with economic advances and improved education.

General Electric innovators—some of the Company's employees who contributed new developments and creative ideas during 1970—are pictured at right:

**1** Creation of gem-quality diamonds was achieved by Dr. Herbert M. Strong (left) and Dr. Robert H. Wentorf, Jr., of the GE Research and Development Center. High-cost General Electric gems are for scientific rather than commercial purposes.

**2** A new General Electric audio-visual response device to improve teaching effectiveness is the development of the R & D Center's Terry L. Hewitt.

**3** A compact electric light source whose spectrum matches the color of noonday sunlight came from a Lamp Division development team of (clockwise from left) D. M. Speros, R. H. Springer, G. J. Kazek, H. E. McClellan, W. E. Smyser, R. P. Taylor and R. M. Caldwell.

**4** Prototype of the Vortex I VorcineratorⓉ waste disposal system to be marketed as a new way to reduce wastes to sterile ash is the background for its chief developers: (left) N. R. Dibelius, who initiated the concept while at the R & D Center, the project's manager R. J. Hasselbring, and R. L. Shields, designer.

**5** Mass production of GE Elec-TrakⓉ garden tractors surrounds the new business's entrepreneur-manager, Bruce R. Laumeister.

**6** Original mass of GE's tough Lexan® plastic is exhibited by its inventor, Dr. Daniel W. Fox, named in 1970 to head a new central research group for GE plastics.

**7** Environmental studies of New York expressways to aid in lessening pollution in new highway designs were headed by GE Aerospace Group's Dr. Waldron Giles.

**8** An underwater habitat with membrane skin, developed by Orrin H. Pilkey of the Space Division, was one of seven GE developments receiving *Industrial Research* Magazine's IR-100 awards in 1970—the award coming after his retirement at age 65.

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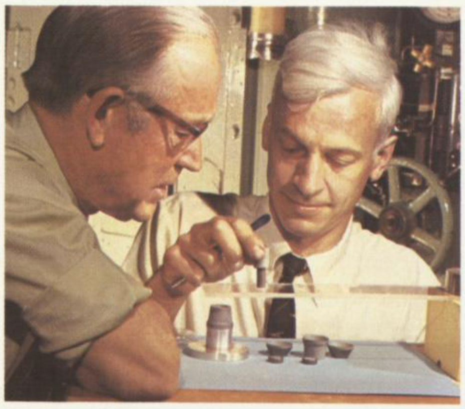

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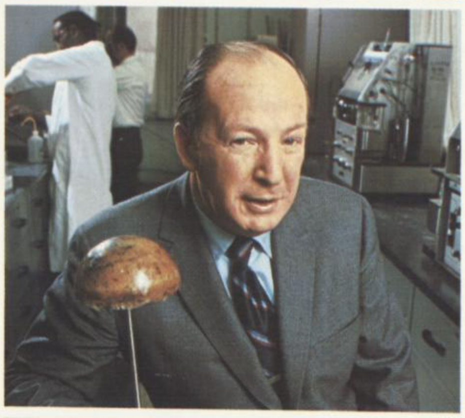

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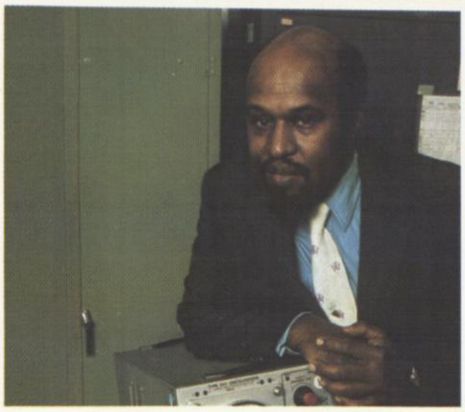

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# 1970 Financial Summary

This summary comments on significant items in the consolidated financial statements on pages 27 and 28, generally in the same order as they appear in those statements. The accounting principles followed with respect to certain items appear in blue ink.

**Consolidated financial statements** and accompanying schedules in this report include a consolidation of the accounts of the Parent—General Electric Company—and those of all majority-owned affiliates (except finance affiliates whose operations are not similar to those of the consolidated group). All significant items relating to transactions between the Parent and affiliated companies are eliminated from consolidated statements.

Except for fixed assets and accumulated depreciation relating thereto, assets and liabilities of foreign affiliates are translated into U.S. dollars at year-end exchange rates, and income and expense items are translated at average rates prevailing during the year. Fixed assets and accumulated depreciation are translated at rates in effect at dates of acquisition of the assets.

**Net earnings** include the net income of finance affiliates and the consolidated group's share of earnings of associated companies which are not consolidated but in which the group owns approximately 50% of the voting stock.

During 1970, net earnings amounted to $328.5 million compared with prior year earnings of $278.0 million. An extended strike beginning in October 1969 and ending in February 1970 had a severe impact on both 1969 and 1970 results of U.S. operations.

As discussed on page 22, General Electric and Honeywell Inc. agreed to combine business data processing computer operations under an agreement dated July 1, 1970. The Honeywell securities subsequently received were valued as of the date of acquisition, October 1, 1970, based on an independent appraisal by a leading investment banking firm. This appraisal recognized current market quotations, the size of the holdings and the various requirements and restrictions on the timing of the sale or other disposition of the securities. General Electric's remaining 18½% interest in Honeywell Information Systems Inc. was valued based on management's appraisal of the equity in Honeywell Information Systems Inc. adjusted to recognize the restrictions detailed in the agreement between the companies and the uncertainty of future events. The securities received are discussed further under investments on page 31. After recognition of incurred and future costs and expenses in connection with the discontinuance of business data processing computer operations, the net gain recorded in 1970 aggregated $1.7 million.

Earnings per common share were $3.63 in 1970 compared with $3.07 in 1969. Any dilution of earnings per common share which would result from the potential exercise or conversion of such items as stock options and convertible debt outstanding is insignificant.

**Sales of products and services** to customers are reported in operating results only as title to products and materials passes to the customer and as services are performed as contracted.

During 1970, sales totaled $8,726.7 million, an increase of 3% over the 1969

*(continued on page 29)*

## Consolidated Statement of Current and Retained Earnings

**General Electric Company and consolidated affiliates**

| For the year | 1970 | 1969 |
|---|---|---|
| **Sales of products and services to customers** | $8,726,738,000 | $8,447,965,000 |
| **Other income** | 106,766,000 | 98,727,000 |
| | 8,833,504,000 | 8,546,692,000 |
| **Costs** | | |
| Employee compensation, including benefits | 3,776,378,000 | 3,510,787,000 |
| Materials, supplies, services and other costs | 4,073,931,000 | 4,126,105,000 |
| Depreciation | 334,683,000 | 351,282,000 |
| Taxes, except those on income | 88,797,000 | 81,714,000 |
| Interest and other financial charges | 101,349,000 | 78,113,000 |
| Provision for income taxes | 220,637,000 | 231,504,000 |
| Less increase in inventories during year | –95,979,000 | –108,549,000 |
| | 8,499,796,000 | 8,270,956,000 |
| **Earnings before interest of other share owners** | 333,708,000 | 275,736,000 |
| Interest of other share owners in net results of affiliates | –5,228,000 | 2,279,000 |
| **Net earnings applicable to common stock** | 328,480,000 | 278,015,000 |
| Dividends declared | 235,377,000 | 235,226,000 |
| Amount added to retained earnings | 93,103,000 | 42,789,000 |
| Retained earnings at January 1 | 1,781,033,000 | 1,738,244,000 |
| **Retained earnings at December 31** | $1,874,136,000 | $1,781,033,000 |
| Earnings per common share | $3.63 | $3.07 |
| Dividends declared and paid per share | $2.60 | $2.60 |

*The 1970 Financial Summary beginning on page 26 and ending on page 35 is an integral part of this statement.*

# Consolidated Statement of Financial Position

**General Electric Company and consolidated affiliates**

| December 31 | 1970 | 1969 |
|---|---|---|
| **Assets** | | |
| Cash on hand and in banks | $ 190,766,000 | $ 201,570,000 |
| Marketable securities | 14,997,000 | 127,705,000 |
| Current receivables | 1,573,716,000 | 1,367,862,000 |
| Inventories | 1,555,305,000 | 1,590,657,000 |
| **Current assets** | 3,334,784,000 | 3,287,794,000 |
| Investments | 701,694,000 | 417,893,000 |
| Plant and equipment—less accumulated depreciation | 1,749,372,000 | 1,814,961,000 |
| Other assets | 524,095,000 | 486,842,000 |
| **Total assets** | $6,309,945,000 | $6,007,490,000 |
| **Liabilities and equity** | | |
| Short-term borrowings | $ 658,070,000 | $ 340,720,000 |
| Accounts payable | 431,337,000 | 386,868,000 |
| Progress collections and price adjustments accrued | 599,251,000 | 709,041,000 |
| Dividends payable | 58,817,000 | 58,756,000 |
| Taxes accrued | 239,598,000 | 213,521,000 |
| Other costs and expenses accrued | 663,206,000 | 657,748,000 |
| **Current liabilities** | 2,650,279,000 | 2,366,654,000 |
| Long-term borrowings | 573,451,000 | 673,310,000 |
| Other liabilities | 249,257,000 | 240,178,000 |
| Miscellaneous reserves | 130,556,000 | 145,098,000 |
| **Total liabilities** | 3,603,543,000 | 3,425,240,000 |
| **Interest of other share owners in equity of affiliates** | 41,314,000 | 42,273,000 |
| Preferred stock (2,000,000 shares authorized, none issued) | — | — |
| Common stock (issued shares, $5 par value per share) | 460,925,000 | 458,657,000 |
| Amounts received for stock in excess of par value | 330,027,000 | 300,287,000 |
| Retained earnings | 1,874,136,000 | 1,781,033,000 |
| **Total share owners' equity** | 2,665,088,000 | 2,539,977,000 |
| **Total liabilities and equity** | $6,309,945,000 | $6,007,490,000 |

*The 1970 Financial Summary beginning on page 26 and ending on page 35 is an integral part of this statement.*

(continued from page 26)

record level. Sales and the related net earnings attributable to each of the Company's major categories are summarized on page 5.

**Other income** amounted to $106.8 million in 1970, an increase of 8% over 1969. Significant items included in other income are shown at the right. Financial statements for General Electric Credit Corporation are on page 35.

**Costs** are classified in the consolidated statement of current earnings according to the principal types of costs incurred. Operating costs, excluding interest and income taxes, classified as they will be reported to the Securities and Exchange Commission were: cost of goods sold of $6,423.6 million in 1970 and $6,346.1 million in 1969; and selling, general and administrative expenses of $1,754.2 million in 1970 and $1,615.3 million in 1969.

**Employee compensation,** including the Company cost of employee benefits, rose to a record level of $3,776.4 million in 1970.

General Electric Company and its affiliates have a number of pension plans. Substantially all employees in the United States who have completed one year of service are participating in the General Electric Pension Plan, the obligations of which are funded through the General Electric Pension Trust.

The funding program in effect since 1967 uses 6% as the estimated rate of future earnings on Trust assets. This rate is based on the Trust's current and projected investment experience and contemplates the systematic recognition of the portion of the unrealized appreciation in the common stock portfolio which it is conservatively estimated will be available for the payment of pension benefits. In no event, however, will appreciation be recognized if the resulting book value of equity securities exceeds 75% of their average market value during the current and two preceding years. At the end of 1970, this ratio was 67%. The actual earnings of the Trust, including the programmed recognition of appreciation, as a percentage of book value of the portfolio were 6.3% for 1970 and 6.4% for 1969. Unfunded liabilities of the Pension Plan are being amortized over a 20-year period and are estimated to be $70 million at December 31, 1970, an increase of $43 million during the year. The increase resulted primarily from improvements in pension benefits which became effective January 1, 1970. It is estimated that amendments to the Plan which became effective January 1, 1971 will result in an additional increase in the unfunded liability of approximately $188 million based on the actuarial assumptions used to determine the unfunded liability and the book value of the Trust assets at December 31, 1970. These amendments significantly improved benefits for most pensioners and longer service employees.

The Pension Trust financial statements appear at the right.

**Depreciation** amounted to $334.7 million in 1970 compared with $351.3 million in 1969. An accelerated depreciation method, based principally on a sum-of-the-years digits formula, is used to depreciate U.S. assets purchased in 1961 and subsequently. Assets purchased prior to 1961, and most assets outside the U.S., are depreciated on a straight-line basis. Special depreciation is provided where equipment may be subject to abnormal economic conditions and obsolescence.

**Other income** *(In millions)*

| | 1970 | 1969 |
|---|---|---|
| Net earnings of General Electric Credit Corporation | $ 19.9 | $15.2 |
| Income from: | | |
| Customer financing | 25.8 | 26.5 |
| Royalty and technical agreements | 24.4 | 18.5 |
| Marketable securities and bank deposits | 12.8 | 12.3 |
| Miscellaneous investments | 14.8 | 10.7 |
| Other sundry income | 9.1 | 15.5 |
| | $106.8 | $98.7 |

**General Electric Pension Trust** *(In millions)*

| **Operating statement** | 1970 | 1969 |
|---|---|---|
| Total assets at Jan. 1 | $1,750.5 | $1,630.5 |
| Company contributions | 66.6 | 52.9 |
| Employee contributions | 24.2 | 19.8 |
| | 90.8 | 72.7 |
| Dividends, interest and sundry income | 88.0 | 83.3 |
| Common stock appreciation: | | |
| Realized | 1.1 | 0.5 |
| Unrealized and recognized | 45.4 | 42.4 |
| | 46.5 | 42.9 |
| Pensions paid | – 83.9 | – 78.9 |
| Total assets at Dec. 31 | $1,891.9 | $1,750.5 |
| **Financial position—Dec. 31** | | |
| Investments | $1,829.5 | $1,726.1 |
| Other assets—net | 62.4 | 24.4 |
| Total assets | $1,891.9 | $1,750.5 |
| Liability to pensioners | $ 580.4 | $ 535.8 |
| Reserve for pensions to participants not yet retired | 1,311.5 | 1,214.7 |
| Liabilities and reserves | $1,891.9 | $1,750.5 |

Investments are carried at amortized cost plus unrealized appreciation recognized.

Market value of investments was approximately $2,189 million at December 31, 1970, and $2,116 million at December 31, 1969.

**Taxes, except those on income,** totaled $88.8 million in 1970 compared with $81.7 million in 1969. These taxes were mainly franchise and property taxes and exclude social security taxes which are included with employee benefits.

**Interest and other financial charges** increased to $101.3 million in 1970 from $78.1 million in the previous year. The increase was largely attributable to increased short-term borrowings.

**Provision for income taxes** amounted to $220.6 million in 1970. Details of this amount are shown in the tabulation in the lower right margin.

Provision for U.S. Federal income taxes, in accordance with the recommendation of the American Institute of Certified Public Accountants, is based on the income and costs included in the earnings statement shown on page 27.

The amount of U.S. Federal income taxes shown payable is determined by applicable statutes and government regulations. The amounts shown as timing differences result from the fact that under these statutes and regulations some items of income and cost are not recognized in the same time period as good accounting practice requires them to be recorded. The net effect of such differences has been that earnings on which tax payments have been required have been more than the earnings reported in the Company's Annual Reports. Accordingly, the provision for taxes has been reduced, and a deferred-tax asset has been established to record the reduction of future tax payments. For 1970, timing differences include the reversing effect of the 1969 provision for 1970 vacation payments to striking employees which was not a contractual liability at December 31, 1969, and therefore not deductible for tax purposes until 1970.

Federal income taxes to be paid on undistributed earnings of foreign affiliates upon their transfer to domestic components are believed not to be significant.

U.S. Federal income tax returns of the Parent and domestic affiliates have been settled through 1960.

The Company follows the practice of adding the investment credit to income over the life of the underlying facilities rather than in the year in which facilities are placed in service. The investment credit was repealed effective April 18, 1969. The investment credit amounted to $3.0 million in 1970 compared with $10.3 million in the prior year. In 1970, $9.4 million was added to net earnings compared with $9.0 million in 1969. At the end of 1970, the amount still deferred and to be included in net earnings in future years was $43.6 million. If the Company had "flowed through" the investment credit, this amount would have been included in 1970 and prior years' earnings.

Renegotiation is a net provision for that portion of earnings on prime and subcontract sales to the U.S. Government which may later be claimed by the Government.

**Interest of other share owners** in net results of affiliates represents the share which other share owners have in the net earnings and losses of consolidated affiliates not wholly owned by General Electric. Variances in this account between periods result not only from changes in the affiliates' earnings but also from changes in the Company's percent of ownership in these affiliates.

**Statement of source & application of funds** *(In millions)*

| | 1970 | 1969 |
|---|---|---|
| Source of funds: | | |
| From operations: | | |
| Net earnings | $328.5 | $278.0 |
| Depreciation | 334.7 | 351.3 |
| U.S. Federal income tax timing differences | – 9.2 | – 69.2 |
| Earnings less dividends of the Credit Corporation | – 4.9 | – 3.2 |
| | 649.1 | 556.9 |
| Newly issued common stock | 37.1 | 5.8 |
| Total source of funds | 686.2 | 562.7 |
| Application of funds: | | |
| Plant additions | 581.4 | 530.6 |
| Dividends | 235.4 | 235.2 |
| Long-term borrowings | 99.9 | 75.8 |
| Other | 6.1 | 6.8 |
| Total application of funds | 922.8 | 848.4 |
| Net decrease in working capital | $–236.6 | $–285.7 |

**Analysis of changes in working capital**

| | 1970 | 1969 |
|---|---|---|
| Cash and marketable securities | $–123.5 | $– 44.1 |
| Current receivables | 205.9 | – 87.8 |
| Inventories | – 35.4 | 108.5 |
| Short-term borrowings | –317.3 | – 60.1 |
| Other payables | 33.7 | –202.2 |
| Net decrease in working capital | $–236.6 | $–285.7 |

**Provision for income taxes** *(In millions)*

| | 1970 | 1969 |
|---|---|---|
| U.S. Federal income taxes: | | |
| Estimated amount payable | $192.1 | $256.3 |
| Effect of timing differences | – 9.2 | – 69.2 |
| Investment credit deferred—net | – 6.4 | 1.3 |
| | 176.5 | 188.4 |
| Other income taxes and renegotiation | 44.1 | 43.1 |
| | $220.6 | $231.5 |

**Cash and marketable securities** totaled $205.8 million at the end of 1970, a decrease of $123.5 million during the year. Marketable securities are carried at the lower of amortized cost or market value. Carrying value was substantially the same as market value.

A statement of the source and application of funds is shown at left.

**Current receivables,** less related reserve, totaled $1,573.7 million at December 31, 1970 compared with $1,367.9 million at the end of 1969. The higher level of receivables resulted from the substantial increase in the volume of business at the end of this year compared with the strike-depressed volume at the end of last year. Partially offsetting the increase was the reduction of receivables applicable to the transferred business data processing computer operations.

The reserve applicable to current receivables amounted to $48.2 million at December 31, 1970 and $48.4 million at the end of 1969.

Long-term receivables less reserve are reported under other assets.

**Inventories** at the end of 1970 were $1,555.3 million, a decrease of $35.4 million from the end of 1969. The decrease represented the reduction of inventories applicable to the transferred business data processing computer operations ($131.4 million) partially offset by the balancing of inventory levels following the strike-distorted condition at the end of 1969.

Inventories in the United States are substantially all valued on a last-in, first-out (LIFO) basis, and substantially all those outside the U.S. are valued on a first-in, first-out (FIFO) basis. Such valuations are not in excess of market and are based on cost, exclusive of certain indirect manufacturing expenses and profits on sales between the Parent and affiliated companies. The LIFO basis values inventories conservatively during inflationary times, and on a FIFO basis the year-end 1970 inventories would have been $245.2 million in excess of this valuation. This excess increased $30.3 million during 1970.

Inventories are summarized at the right.

**Inventories** *(In millions)*

| December 31 | 1970 | 1969 |
|---|---|---|
| Raw materials and work in process | $ 967.2 | $1,062.7 |
| Finished goods | 491.6 | 442.5 |
| Unbilled shipments | 96.5 | 85.5 |
| | $1,555.3 | $1,590.7 |

**Investments** amounted to $701.7 million at the end of 1970 as shown at right.

Investments in finance affiliates are carried at equity plus advances. Investment in General Electric Credit Corporation, a wholly-owned nonconsolidated finance affiliate, amounted to $200.7 million at the end of 1970. Financial statements for the Credit Corporation are on page 35.

Investments in the securities of Honeywell Inc. and Honeywell Information Systems Inc., a subsidiary of Honeywell, are carried at appraised fair value at the date of acquisition, October 1, 1970, as discussed on page 26. These securities include 1,500,000 shares of Honeywell common stock; $110.0 million of 9⅛% subordinated notes due 1975 and 1977 of Honeywell; and common shares representing an 18½% ownership in Honeywell Information Systems Inc.

The Honeywell common stock, based on the closing market price at December 31, 1970, would have been valued at $124.5 million. The subordinated notes are interest free until October 1, 1971 and are payable (or prepayable without premium) either in cash or shares of Honeywell common stock at the option of Honeywell. During 1975 through 1980, General Electric and Honeywell will each

**Investments** *(In millions)*

| December 31 | 1970 | 1969 |
|---|---|---|
| Nonconsolidated finance affiliates | $201.9 | $187.7 |
| Honeywell Inc. & Honeywell Information Systems Inc. | 216.7 | — |
| General Electric common stock | 70.8 | 76.7 |
| Associated companies | 20.9 | 21.7 |
| Miscellaneous investments | 201.8 | 141.4 |
| Reserve for investments | – 10.4 | – 9.6 |
| | $701.7 | $417.9 |

have the option to exchange the General Electric Company's 18½% interest in Honeywell Information Systems Inc. for Honeywell common stock.

The transactions with Honeywell, including the requirements for disposition of Honeywell common stock, are discussed further on pages 22 and 26.

Investment in General Electric common stock is carried at cost. At the end of 1970, 850,825 shares were held for various corporate purposes. These shares, based on the closing market price at December 31, 1970 would have been valued at $79.9 million.

Shares held by the Company included 381,679 shares for possible conversion of General Electric Overseas Capital Corporation's bonds described on page 33. During 1970, 601,032 shares of the Company's stock were purchased principally through regular transactions in the securities market. Comparable 1969 purchases were 612,197 shares. Uses of the shares are shown to the right.

**Uses of treasury shares**

| | 1970 | 1969 |
|---|---|---|
| General Electric employee savings plans | 497,376 | 288,827 |
| Incentive compensation plans: | | |
| Delivered to participants | 30,533 | 36,144 |
| Transferred under deferred provisions | 69,551 | 71,992 |
| Other awards to employees | 180 | 165 |
| Acquisitions | — | 7,164 |
| | 597,640 | 404,292 |

At December 31, 1970, the Company also was holding under the deferred compensation provisions of incentive compensation plans a total of 520,736 shares of General Electric common stock deferred during the years 1950 through 1970. These shares are recorded under other assets as stock held under deferred compensation plans and are carried at market value at the time of their allotment. The liability is recorded under other liabilities.

Investments in associated companies which are not consolidated but in which the Company owns approximately 50% of the voting stock are valued at cost adjusted for changes in equity since acquisition.

Miscellaneous investments are valued at cost. On December 31, 1970, the estimated realizable value of these investments was approximately $230 million, an increase of $20 million during the year.

**Plant and equipment** represents the original cost of land, buildings and equipment, including equipment leased to others, less estimated cost consumed by wear and obsolescence.

Details of plant and equipment, and accumulated depreciation, are shown in the table to the right. Dispositions during 1970 include amounts applicable to the transfer of business data processing computer operations.

**Plant and equipment** *(In millions)*

| | 1970 | 1969 |
|---|---|---|
| Major classes at Dec. 31 | | |
| Land and improvements | $ 87.2 | $ 87.0 |
| Buildings, structures and equipment | 1,070.2 | 1,042.7 |
| Machinery and equipment | 2,294.9 | 2,732.7 |
| Leasehold costs and plant under construction | 199.2 | 119.7 |
| | $3,651.5 | $3,982.1 |
| Cost at Jan. 1 | $3,982.1 | $3,628.7 |
| Additions | 581.4 | 530.6 |
| Dispositions | − 912.0 | − 177.2 |
| Cost at Dec. 31 | $3,651.5 | $3,982.1 |
| **Accumulated depreciation** | | |
| Balance at Jan. 1 | $2,167.1 | $1,951.0 |
| Current year provision | 334.7 | 351.3 |
| Dispositions | − 540.5 | − 148.4 |
| Other changes | − 59.2 | 13.2 |
| Balance at Dec. 31 | $1,902.1 | $2,167.1 |
| **Plant and equipment less depreciation at Dec. 31** | $1,749.4 | $1,815.0 |

**Other assets,** less applicable reserve of $12.4 million, totaled $524.1 million at December 31, 1970. Research and development expenditures, except those specified as recoverable design costs on government contracts, are charged to operations as they are incurred. Deferred income taxes applicable to current assets and liabilities were $78.4 million at the end of 1970 compared with $84.1 million at the end of 1969.

Other assets are summarized at the top of page 33.

**Short-term borrowings,** those due within one year, totaled $658.1 million at the end of 1970 compared with $340.7 million at the end of the preceding year. Substantial borrowings have been incurred by the Company primarily to finance increased working capital requirements and a continuing high level of expenditures for plant and equipment. Short-term borrowings by the Parent aggregated $482.8 million at the end of 1970, an increase of $430.1 million during the year.

Borrowings by the Company's foreign affiliates decreased principally by amounts applicable to the business data processing computer operations.

**Other costs and expenses accrued** at the end of 1970 included compensation and benefit costs accrued of $263.8 million and interest expense accrued of $11.2 million. The remaining costs and expenses accrued included liabilities for items such as replacements under guarantees and allowances to customers.

**Long-term borrowings** amounted to $573.5 million at December 31, 1970 compared with $673.3 million at the end of 1969 as summarized at the lower right.

General Electric Company 5.30% Sinking Fund Debentures are due May 1, 1992. Sinking fund payments are required beginning in 1973. Debentures outstanding at the end of 1970 amounted to $185.6 million after deduction of reacquired debentures with a face value of $14.4 million held in treasury for future sinking fund requirements.

General Electric Company 5¾% Notes are due November 1, 1991 in the aggregate principal amount of $125.0 million. Mandatory prepayments are required beginning in 1972.

General Electric Company 3½% Debentures are due May 1, 1976. Debentures having a face value of $14.7 million, and reacquired at a cost of $13.0 million, were retired during 1970 in accordance with the sinking fund provisions. Debentures outstanding at the end of 1970 amounted to $113.1 million after deduction of reacquired debentures with a face value of $47.3 million held in treasury for future sinking fund requirements.

General Electric Overseas Capital Corporation borrowings are unconditionally guaranteed by General Electric Company as to payment of principal, premium, if any, and interest. Proceeds from these borrowings are being used to help finance the international operations of the Company and its affiliates. The borrowings include the Corporation's 4¼% Guaranteed Bonds due December 1, 1985, in the aggregate principal amount of $50.0 million. The bonds are convertible through November 30, 1975, into General Electric common stock at $131 a share. Sinking fund payments on any bonds not converted are required beginning in 1976.

Other long-term borrowings represented largely borrowings by foreign affiliates with various interest rates and maturities. These borrowings decreased significantly during 1970 primarily by amounts borrowed by the overseas components of the business data processing computer operations.

During February 1971, the Company filed a Registration Statement with the Securities and Exchange Commission with respect to a proposed public offering of $200 million of long-term debentures. The net proceeds of this offering will be added to the general funds of the Company and used to reduce short-term borrowings.

**Preferred stock,** $1 par value, up to a total of 2,000,000 shares has been authorized by the share owners. No preferred shares have been issued.

**Common stock,** $5 par value, up to a total of 105,000,000 shares has been authorized by the share owners. The Board of Directors has decided to request share

**Other assets** *(In millions)*

| December 31 | 1970 | 1969 |
|---|---|---|
| Long-term receivables less reserve | $147.8 | $133.2 |
| Deferred income taxes | 120.0 | 129.1 |
| Recoverable design costs on government contracts | 99.7 | 89.3 |
| Stock held under deferred compensation plans | 40.6 | 36.7 |
| Customer financing | 54.9 | 27.9 |
| Deferred charges | 22.1 | 27.1 |
| Loans and advances to employees | 9.0 | 11.4 |
| All other | 30.0 | 32.1 |
| | $524.1 | $486.8 |

**Long-term borrowings** *(In millions)*

| December 31 | 1970 | 1969 |
|---|---|---|
| General Electric Company: | | |
| 5.30% Debentures | $185.6 | $189.0 |
| 5¾% Notes | 125.0 | 125.0 |
| 3½% Debentures | 113.1 | 119.8 |
| General Electric Overseas Capital Corporation borrowings | 111.6 | 99.5 |
| Other long-term borrowings | 38.2 | 140.0 |
| | $573.5 | $673.3 |

owner approval to split the issued shares on a two-for-one basis. This will require an increase in the number of authorized shares of common stock from 105,000,000 shares with a par value of $5.00 per share to 210,000,000 shares with a par value of $2.50 per share. At December 31, 1970, there were 92,185,068 common shares issued and 90,813,507 shares outstanding as summarized at right. The number of new shares issued varies between periods depending on the requirements of employee plans and the timing of deliveries of shares under provisions of those plans.

**Amounts in excess of par value** received for stock increased $29.7 million in 1970. This increase resulted from amounts received for newly-issued shares in excess of par value ($34.8 million) reduced by net losses from the disposition of stock held in treasury ($5.1 million).

**Incentive compensation plans** provide incentive for outstanding performance by key employees. Allotments made in 1970 for services performed in 1969 amounted to $16.4 million for 3,023 employees.

**The Stock Option Plan,** approved by the share owners in 1968 by 98.2% of the votes cast, and three previous similar plans, provided continuing incentive for more than 555 employees during 1970. The option price of grants under these plans is the full market value of General Electric common stock on the date of grant. Therefore, participants in the plans do not benefit unless the stock's market price rises, thus benefiting all share owners. Also, in order to exercise options the employee must remain with the Company, since options may be exercised only after annual installments mature, which is generally over a period of nine years. Thus the plans encourage managers and professional employees to have the long-term entrepreneurial interest that will benefit all share owners.

The additional stock options granted during 1970 covered 344,889 shares. The shares deducted from original grants for such reasons as deaths, retirements and withdrawals totaled 69,319. Options for 1,227,898 shares outstanding at the end of 1970 were held by 558 individuals, and 358,658 shares were available for the granting of additional options. Grants outstanding at the end of 1970 are shown at the right.

**Common stock issued and outstanding**

| | 1970 | 1969 |
|---|---|---|
| Shares issued at Jan. 1 | 91,731,316 | 91,664,804 |
| New shares issued: | | |
| Savings and Security Program | 415,092 | 44,508 |
| Stock option plans | 38,660 | 22,004 |
| Shares issued at Dec. 31 | 92,185,068 | 91,731,316 |
| Less: | | |
| Shares held in treasury | 850,825 | 847,433 |
| Shares deferred under incentive compensation plans | 520,736 | 477,271 |
| Shares outstanding at Dec. 31 | 90,813,507 | 90,406,612 |

**Stock options**

| | | | Installments | | |
|---|---|---|---|---|---|
| Year of grant | Option price | Net original grants* | Not yet exercisable | Exercisable but not yet purchased | 1970 purchases |
| 1960 | 78.63 | 53,830 | — | 1,647 | 27,010 |
| 1961 | 78.00 | 62,975 | — | 39,492 | 1,428 |
| 1962 | 72.75 | 43,797 | 3,925 | 23,524 | 725 |
| 1963 | 79.88 | 235,638 | 39,425 | 131,478 | 9,316 |
| 1964 | 90.63 | 107,815 | 32,464 | 66,979 | — |
| 1965 | 114.63 | 26,174 | 11,168 | 15,006 | — |
| 1966 | 97.50 | 100,516 | 54,663 | 45,641 | — |
| 1967 | 101.50 | 80,954 | 52,694 | 28,260 | — |
| 1968 | 95.75 | 164,254 | 126,843 | 37,411 | — |
| 1969 | 80.88 | 172,570 | 152,713 | 19,676 | 181 |
| 1970 | 86.25 | 344,889 | 344,889 | — | — |
| | | 1,393,412 | 818,784 | 409,114 | 38,660 |

*After deductions for such reasons as deaths, retirements and withdrawals. Closing market price was $93.88 on December 31, 1970.

## Report of Independent Certified Public Accountants

**To the share owners and board of directors of General Electric Company**

We have examined the consolidated statement of financial position of General Electric Company and affiliates as of December 31, 1970, and the related statements of current and retained earnings and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statements present fairly the financial position of General Electric Company and affiliates at December 31, 1970, and the results of their operations and source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

February 18, 1971

Peat, Marwick, Mitchell & Co., 345 Park Avenue, New York, New York 10022

## General Electric Credit Corporation — Condensed Financial Statements

| **Financial position** December 31 | 1970 | 1969 |
|---|---|---|
| Cash and marketable securities | $ 73,208,000 | $ 129,628,000 |
| Receivables (including installments due after one year 1970—$1,195,000,000; 1969—$977,000,000) | 2,360,550,000 | 1,954,638,000 |
| Less: Deferred income | 250,105,000 | 198,023,000 |
| Reserve for losses | 41,500,000 | 37,102,000 |
| Net receivables | 2,068,945,000 | 1,719,513,000 |
| Other assets | 14,855,000 | 6,054,000 |
| **Total assets** | $2,157,008,000 | $1,855,195,000 |
| Notes payable: Due within one year | $1,362,492,000 | $1,231,856,000 |
| Long-term–Senior notes | 280,277,000 | 178,700,000 |
| –Subordinated notes | 153,988,000 | 110,000,000 |
| Accounts payable and other liabilities | 170,257,000 | 149,510,000 |
| Total liabilities | 1,967,014,000 | 1,670,066,000 |
| Capital stock | 55,000,000 | 55,000,000 |
| Retained earnings | 134,994,000 | 130,129,000 |
| Equity—held by General Electric Company | 189,994,000 | 185,129,000 |
| **Total liabilities and equity** | $2,157,008,000 | $1,855,195,000 |

| **Current and retained earnings** For the year | 1970 | 1969 |
|---|---|---|
| **Earned income** | $ 247,479,000 | $ 199,148,000 |
| Expenses—Operating and administrative | 71,661,000 | 61,468,000 |
| —Interest and discount | 116,749,000 | 94,050,000 |
| —Provision for losses on receivables | 21,907,000 | 13,321,000 |
| —Provision for income taxes | 17,297,000 | 15,075,000 |
| **Net earnings** | 19,865,000 | 15,234,000 |
| Dividends | 15,000,000 | 12,000,000 |
| Retained earnings at January 1 | 130,129,000 | 126,895,000 |
| **Retained earnings at December 31** | $ 134,994,000 | $ 130,129,000 |

**General Electric Credit Corporation** is a wholly-owned nonconsolidated finance affiliate. Condensed financial statements for the General Electric Credit Corporation and its consolidated affiliates are shown above. Copies of the 1970 Annual Report for the Credit Corporation may be obtained by writing to General Electric Credit Corporation, P.O. Box 8300, Stamford, Conn. 06904.

The Credit Corporation sold $75.0 million of six-year 8½% notes during September 1970 and an additional $75.0 million of seven-year 7⅛% notes were sold during December 1970. Both issues were offered in the public market and proceeds from the latter offering were delivered on January 5, 1971. Proceeds from both issues were applied to reduction of short-term borrowings.

Net earnings amounted to $19.9 million in 1970, an increase of 30% from 1969. The Credit Corporation's net receivables rose to $2,068.9 million at December 31, 1970, an increase of 20% over December 31, 1969.

# Directors and Management

To share owners attending the 1970 Information Meeting, Chairman Borch described General Electric's Directors as forming predominantly an "outside" Board. That is, only four Directors are also GE employees. "The other fifteen Directors," he commented, "are from outside the Company, having earned positions of leadership in business, finance, education and public service. They come from all parts of the country and from a wide variety of backgrounds." They form "a hard-working Board," attending 10 regular meetings in 1970 and participating in tours of General Electric facilities in Detroit, Mich., and Greenville, S.C. As listed below with their principal affiliations and years of service as General Electric Directors, they average 60 years of age and 11 years of service on the Board.

**J. Paul Austin,** Chairman of the Board, President and Director, The Coca-Cola Company, Atlanta, Ga. (7 years)

**Fred J. Borch,** Chairman of the Board and Chief Executive Officer, General Electric Company, New York City. (9 years)

**William H. Dennler,** Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (2 years)

**Frederick B. Dent,** President and Director, Mayfair Mills, Arcadia, S. C. (5 years)

**Thomas S. Gates,** Chairman of the Executive Committee and Director, J. P. Morgan & Co., Inc. and Morgan Guaranty Trust Company of New York, New York City. (6 years)

**Frederick L. Hovde,** President, Purdue University, Lafayette, Ind. (15 years)

**Gilbert W. Humphrey,** Chairman of the Board and Director, The Hanna Mining Company, Cleveland, Ohio. (16 years)

**John E. Lawrence,** Proprietor, James Lawrence & Co., Boston, Mass. (14 years)

**Ralph Lazarus,** Chairman of the Board and Director, Federated Department Stores, Inc., Cincinnati, Ohio. (8 years)

**Edmund W. Littlefield,** Chairman of the Board and Director, Utah Construction and Mining Co., San Francisco, Calif. (7 years)

**George H. Love,** Chairman of the Board and Director, Consolidation Coal Company, Pittsburgh, Pa. (21 years)

**Neil H. McElroy,** Chairman of the Board and Director, The Procter & Gamble Company, Cincinnati, Ohio. (19 years)

**Dean A. McGee,** Chairman of the Board and Director, Kerr-McGee Corporation, Oklahoma City, Okla. (9 years)

**Henry S. Morgan,** Limited Partner, Morgan Stanley & Co., New York City. (31 years)

**Jack S. Parker,** Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (2 years)

**Gilbert H. Scribner, Jr.,** President and Director, Scribner and Co., Chicago, Ill. (8 years)

**Robert T. Stevens,** Chairman of the Executive Committee and Director, J. P. Stevens & Co., Inc., New York City. (21 years)

**Herman L. Weiss,** Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (2 years)

**Walter B. Wriston,** Chairman and Director, First National City Bank, New York City. (9 years)

## MANAGEMENT

Managerial leadership for General Electric's worldwide businesses is provided by the executives listed on this and the following page. Their average age is 53 years. Their service with General Electric averages 27 years.

Four valued, long-service officers of the Company announced their retirement: Hubert W. Gouldthorpe, Vice President and Group Executive, Robert E. Pfenning, Vice President and Comptroller, and George L. Irvine and John A. Spencer, Regional Vice Presidents.

### Corporate Executive Office

FRED J. BORCH, Chairman of the Board and Chief Executive Officer.

WILLIAM H. DENNLER, JACK S. PARKER and HERMAN L. WEISS, Vice Chairmen of the Board and Executive Officers.

### Corporate Executive Staff

WALTER D. DANCE, ROBERT M. ESTES, REGINALD H. JONES and HILLIARD W. PAIGE, Senior Vice Presidents.

VIRGIL B. DAY, Vice President—Business Environment.

ROY L. JOHNSON, Vice President—Executive Manpower.

JOHN B. McKITTERICK, Vice President—Planning Development.

HALBERT B. MILLER, Vice President—Production Resources.

PHILIP D. MOORE, Vice President—Labor Resources.

JAMES F. YOUNG, Vice President—Technical Resources.

### Corporate Administrative Staff

HERSHNER CROSS, Senior Vice President.

JOHN F. BURLINGAME, Vice President—Corporate Employee Relations Operation.

WILLIS E. FORSYTH, Vice President and Comptroller.

LEONARD C. MAIER, Jr., Vice President—Corporate Consulting Services.

EDWARD H. MALONE, Vice President—Trust Operations.

DOUGLAS S. MOORE, Vice President—Corporate Public Relations Operation.

BRUCE O. ROBERTS, Vice President—Corporate Facilities Services.

WALTER A. SCHLOTTERBECK, Vice President—Corporate Counsel.

PAUL E. WALLENDORF, Vice President and Treasurer.

### Research and Development

ARTHUR M. BUECHE, Vice President—Research and Development.

### Group Executives

OSCAR L. DUNN, Vice President and Group Executive—Construction Industries Group.

STANLEY C. GAULT, Vice President and Group Executive—Appliance and Television Group.

ROBERT W. LEWIS, Vice President and Group Executive—Power Transmission and Distribution Group.

MARK MORTON, Vice President and Group Executive—Aerospace Group.

GERHARD NEUMANN, Vice President and Group Executive—Aircraft Engine Group.

THOMAS O. PAINE, Vice President and Group Executive—Power Generation Group.

CHARLES E. REED, Vice President and Group Executive—Components and Materials Group.

DONALD D. SCARFF, Vice President and Group Executive—Consumer Products Group.

J. STANFORD SMITH, Vice President and Group Executive—International Group.

CLEMENT E. SUTTON, JR., Vice President and Group Executive—Industrial Group.

### Aerospace Group

ROY H. BEATON, Vice President and General Manager—Electronic Systems Products Division.

L. BERKLEY DAVIS, Vice President and General Manager—Defense Programs Division.

DANIEL J. FINK, Vice President and General Manager—Space Products Division.

CHARLES W. GEORGE, Vice President and General Manager—Aircraft Equipment Products Division.

OTTO KLIMA, Vice President and General Manager—Re-entry & Environmental Systems Products Division.

**Aircraft Engine Group**

FRED W. GARRY, Vice President and General Manager—Military Engine Projects Division.

EDWARD E. HOOD, JR., Vice President and General Manager—Commercial Engine Projects Division.

FRED O. MacFEE, JR., Vice President—Group Strategic Planning Operation.

RAMOND E. SMALL, Vice President—Marketing Consultant.

LOUIS V. TOMASETTI, Vice President and General Manager—Group Manufacturing Division.

EDWARD WOLL, Vice President and General Manager—Group Engineering Division.

**Appliance and Television Group**

ARTHUR E. ANDRES, Vice President and General Manager—Contract Sales Division.

ROBERT R. FREDERICK, Vice President and General Manager—Home Laundry Products Division.

JOSEPH H. GAUSS, Vice President and General Manager—Air Conditioning Products Division.

IRVING L. GRIFFIN, Vice President and General Manager—Television Division.

DONALD W. LYNCH, Vice President and General Manager—Kitchen Appliance Products Division.

LESTER E. PANKONIN, Vice President and General Manager—Distribution Finance and Service Division.

EDWARD L. STEHLE, Vice President and General Manager—Retail Sales Division.

HICKS B. WALDRON, Vice President and General Manager—Refrigerator Products Division.

**Components and Materials Group**

JEROME T. COE, Vice President and General Manager—Industry Components and Metallurgical Division.

REUBEN GUTOFF, Vice President and General Manager—Chemical and Medical Division.

FRED H. HOLT, Vice President and General Manager—Appliance Components Division.

THOMAS A. VANDERSLICE, Vice President and General Manager—Electronic Components Division.

**Construction Industries Group**

RALPH B. GLOTZBACH, Vice President and General Manager—General Electric Supply Company Division.

ROBERT B. KURTZ, Vice President and General Manager—Contractor Equipment Division.

HOWARD F. McCULLOUGH, Vice President and General Manager—Construction Materials Division.

J. HERBERT SMITH, Chairman of the Board and Chief Executive Officer, Canadian General Electric Company Limited (an affiliate of General Electric Company). Also: WALTER G. WARD, President; ALTON S. CARTWRIGHT, Vice President—Apparatus and Heavy Machinery Division; REGINALD D. RICHARDSON, Vice President—Construction and Industry Supplies Division.

**Consumer Products Group**

ROBERT V. CORNING, Vice President and General Manager—Lamp Division.

DONALD E. PERRY, Vice President and General Manager—Consumer Electronics Division.

CECIL S. SEMPLE, Vice President and General Manager—Housewares Division.

CHARLES G. KLOCK, President and General Manager—General Electric Credit Corporation (an affiliate of General Electric Company).

THOMAS W. MOORE, President—Tomorrow Entertainment Inc. (an affiliate of General Electric Company).

**Industrial Group**

S. WELLFORD CORBIN, Vice President and General Manager—Industrial Sales Division.

RICHARD P. GIFFORD, Vice President and General Manager—Communication Systems Division.

HOWARD D. KURT, Vice President and General Manager—Manufacturing and Process Automation Division.

ARTHUR E. PELTOSALO, Vice President and General Manager—Information Services Division.

PETER C. VAN DYCK, Vice President and General Manager—Apparatus Service Division.

LOUIS E. WENGERT, Vice President and General Manager—Control and Drives Automation Division.

GEORGE B. WOODS, Vice President and General Manager—AC Motor and Generator Division.

BRYCE W. WYMAN, Vice President and General Manager—Transportation Systems Division.

**International Group**

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WILLIAM L. LURIE, Vice President and General Manager—International Business Support Division.

J. RUSSELL MUDGE, Vice President and General Manager—Area Division-Far East.

HOYT P. STEELE, Vice President and General Manager—International Sales Division.

RUSSELL E. WHITMYER, Vice President and General Manager—Area Division-Latin America.

**Power Generation Group**

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HERMAN R. HILL, Vice President and General Manager—Industrial and Marine Turbine Division.

MILTON F. KENT, Vice President and General Manager—Power Generation Sales Division.

A. EUGENE SCHUBERT, Vice President and General Manager—Nuclear Energy Division.

WHITMAN RIDGWAY, Deputy Division General Manager—Gas Turbine Operations.

GEORGE J. STATHAKIS, Deputy Division General Manager—Boiling Water Reactor Operations.

**Power Transmission and Distribution Group**

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CHRISTY W. BELL, Vice President and General Manager—Power Protection and Conversion Division.

CHARLES J. MELOUN, Vice President and General Manager—Power Distribution Division.

WILLIAM R. TACKABERRY, Vice President and General Manager—Power Transmission and Distribution Sales Division.

**Regional Vice Presidents**

L. WILLIAM BALLARD, JR., Central.

THOMAS K. EDENFIELD, Southeastern.

WILLIAM B. FROGUE, Southwestern.

HARRY P. GOUGH, Mid-States.

HARRY M. LAWSON, Western.

PAUL D. ROSS, East Central.

F. CHARLES RULING, Atlantic.

STEVEN C. VAN VOORHIS, Northeastern.

# Ten Year Summary

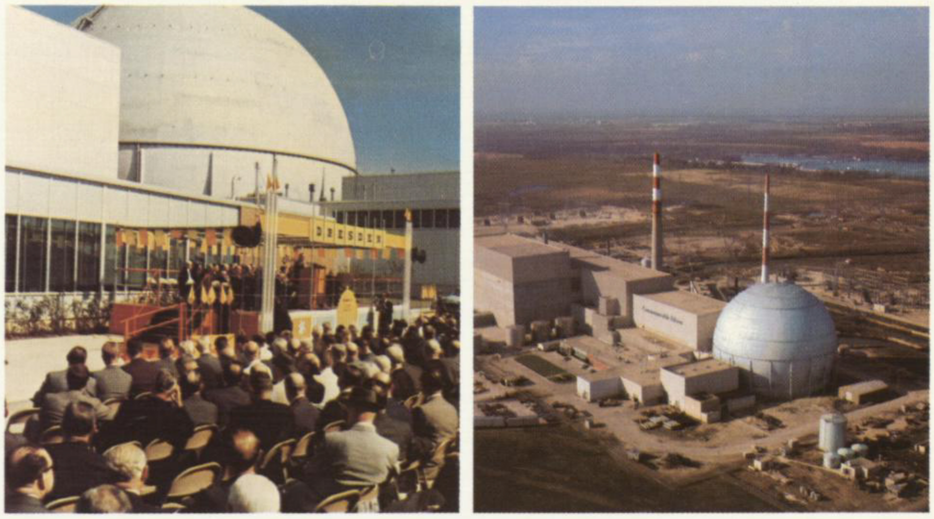
*(Dollar amounts in millions; per-share amounts in dollars)*

| **On worldwide basis of consolidation** | **1970** | **1969** | **1968** | **1967** | **1966** | **1965** | **1964** |
|---|---|---|---|---|---|---|---|
| Sales of products and services | **$8,726.7** | $8,448.0 | $8,381.6 | $7,741.2 | $7,177.3 | $6,213.6 | $5,319.2 |
| Net earnings | **328.5** | 278.0 | 357.1 | 361.4 | 338.9 | 355.1 | 219.6 |
| Earnings per common share | **3.63** | 3.07 | 3.95 | 4.01 | 3.75 | 3.93 | 2.44 |
| Earnings as a percentage of sales | **3.8%** | 3.3% | 4.3% | 4.7% | 4.7% | 5.7% | 4.1% |
| Earned on share owners' equity | **12.6%** | 11.0% | 14.8% | 15.9% | 15.7% | 17.5% | 11.5% |
| Cash dividends declared | **$ 235.4** | $ 235.2 | $ 234.8 | $ 234.2 | $ 234.6 | $ 216.7 | $ 197.7 |
| Dividends declared per common share | **2.60** | 2.60 | 2.60 | 2.60 | 2.60 | 2.40 | 2.20 |
| Shares outstanding—average | **90,557,123** | 90,482,256 | 90,325,683 | 90,133,132 | 90,304,736 | 90,316,825 | 89,916,726 |
| Share owner accounts—average | **528,817** | 519,879 | 530,099 | 529,410 | 529,912 | 521,230 | 516,402 |
| Market price range per share[a] | **94½-60¼** | 98¼-74⅛ | 100⅜-80¼ | 115⅞-82½ | 120-80 | 120¼-91 | 93⅝-78¾ |
| Current assets | **$3,334.8** | $3,287.8 | $3,311.1 | $3,207.6 | $3,013.0 | $2,842.4 | $2,543.8 |
| Current liabilities | **2,650.3** | 2,366.7 | 2,104.3 | 1,977.4 | 1,883.2 | 1,566.8 | 1,338.9 |
| Total assets | **6,309.9** | 6,007.5 | 5,743.8 | 5,347.2 | 4,851.7 | 4,300.4 | 3,836.0 |
| Total share owners' equity | **2,665.1** | 2,540.0 | 2,493.4 | 2,342.2 | 2,211.7 | 2,107.0 | 1,944.2 |
| Plant and equipment additions | **$ 581.4** | $ 530.6 | $ 514.7 | $ 561.7 | $ 484.9 | $ 332.9 | $ 237.7 |
| Depreciation | **334.7** | 351.3 | 300.1 | 280.4 | 233.6 | 188.4 | 170.3 |
| Total taxes and renegotiation[b] | **309.4** | 313.2 | 390.5 | 390.1 | 409.1 | 403.8 | 277.3 |
| Provision for income taxes | **220.6** | 231.5 | 312.3 | 320.5 | 347.4 | 352.2 | 233.8 |
| Worldwide employees—average | **396,583** | 410,126 | 395,691 | 384,864 | 375,852 | 332,991 | 308,233 |

*[a] Represents high and low market price on New York Stock Exchange for each year.*

*[b] Excludes certain excise and sales taxes, which are not included in sales or costs, and social security taxes, which are included with employee benefits.*

| 1963 | 1962 | 1961 |
|---|---|---|
| $5,177.0 | $4,986.1 | $4,666.6 |
| 272.2 | 256.5 | 238.4 |
| 3.05 | 2.89 | 2.70 |
| 5.3% | 5.1% | 5.1% |
| 14.9% | 15.0% | 14.8% |
| | | |
| $ 183.1 | $ 177.5 | $ 176.4 |
| 2.05 | 2.00 | 2.00 |
| 89,384,229 | 88,802,355 | 88,292,109 |
| 503,516 | 446,919 | 440,938 |
| 87½-71¾ | 78½-54¼ | 80¾-60½ |
| | | |
| $2,321.0 | $2,024.6 | $1,859.7 |
| 1,181.9 | 1,168.7 | 1,086.6 |
| 3,502.5 | 3,349.9 | 3,143.4 |
| 1,889.2 | 1,764.3 | 1,654.6 |
| | | |
| $ 149.2 | $ 173.2 | $ 179.7 |
| 149.4 | 146.0 | 131.6 |
| 331.4 | 298.7 | 289.9 |
| 286.7 | 254.0 | 248.9 |
| | | |
| 297,726 | 290,682 | 279,547 |



**A decade at Dresden.** On June 1, 1970, Dresden 1—the world's first privately financed nuclear power station—marked a decade since ceremonies (above, left) observed its first full power operation. It has generated over 10 billion kilowatt-hours of electricity for Chicago area residents—and presently has the lowest fuel cost per kilowatt-hour of any plant on the utility's system.

Successful operation of the 210 megawatt Dresden 1 boiling water reactor and steam turbine-generator supplied by General Electric led to follow-on orders from owner and operator Commonwealth Edison Company for Dresden 2 and 3, (above, right) each rated 809MW, as well as two more similar units nearing completion at the Quad Cities site and two larger plants for service in the latter half of the '70's. At the end of 1970, 16 power-producing reactors from General Electric were operating around the world with 38 others under construction or on order.

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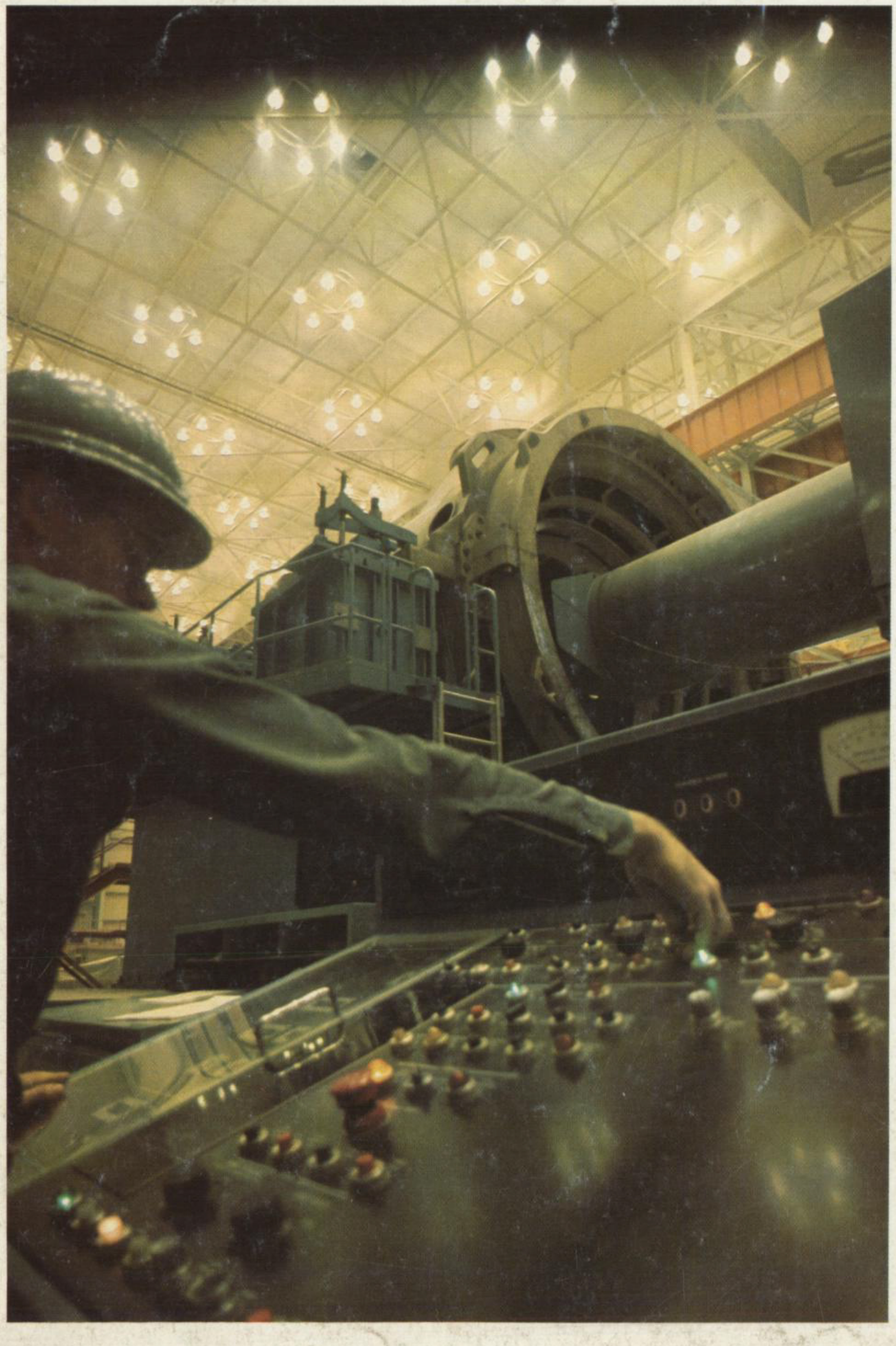
**The need for increased productivity** by U.S. industry is being met by General Electric developments. A high-intensity Lucalox® lighting system provides light levels for precise workmanship. GE automation equipment includes industrial process computers and Mark Century® numerical controls that direct the work of machine tools. The Company is one of its own best customers for this equipment, as indicated here by the automated machining of massive turbine casings at the new Charleston, S.C., plant.



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